

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, 2013.

Performance highlights

Three months ended December 31, 2013 compared with the three months ended December 31, 2012

- Net profit of \$2.9 billion, an increase of 2%, or \$70 million.
- Earnings per stock unit of \$1.16, increased by 2%.
- Gross revenues of \$13.5 billion, an increase of 15%, or \$1.7 billion.
- Cost to income ratio increased to 66.4%, from 55.8%.
- Total assets of \$466.6 billion, grew by 17%, or \$69.5 billion.
- Return on average total assets was 2.5%, compared to 2.9%.
- Total stockholders' equity of \$73.1 billion, increased by 10%, or \$6.4 billion.
- Return on average stockholders' equity of 15.7% compared to 16.8%.
- Net loans of \$148.4 billion, grew by 27%, or \$31.8 billion.
- Customer deposits of \$194.3 billion, increased by 10%, or \$16.9 billion.

Three months ended December 31, 2013 compared with the three months ended September 30, 2013

- Net profit of \$2.9 billion, an increase of 61%, or \$1.1 billion.
- Gross revenues increased by 5%, or \$661 million.
- Cost to income ratio decreased from 74.5%, to 66.4%.
- Return on average total assets increased to 2.5%, from 1.6%.
- Return on average stockholders' equity increased to 15.7%, from 10.0%.

Our results for the first quarter ended December 31, 2013 demonstrate our ability to grow during a dynamic and challenging economic environment. Our results reflect the strength of our diversified business model; compared with the prior quarter, our loans, deposits, net interest income and cost to income ratio all improved. In addition, operating expenses were lower this quarter and we continued to grow our capital.

During the quarter, we successfully completed a key strategic acquisition and the growth in our core businesses demonstrate the progress that we are making towards our vision of being a top Caribbean financial institution delivering sustainable financial performance.

Business highlights

- For the 4th consecutive year, we were awarded *The Governor General's Award for Excellence* at the annual Jamaica Stock Exchange's (JSE) Best Practices Awards banquet. We also walked away with the top prize for *Annual Report (Main Market)* and we were a joint winner of *The Private Sector Organisation of Jamaica PSOJ/JSE Corporate Governance Award*. We were also 2nd runner-up in the category of *Best Practices - Corporate Disclosure & Investor Relations (Main Market)* and joint 2nd runners-up for the category - *Best Practices - Website (Main Market)*. NCBCM was also 2nd runner-up in the categories of *JSE Member Dealers - Expansion of Investors & Listed Companies Base* and *JSE Member Dealers - Revenue Generation & Market Activity*.
- The banking segment along with the life insurance & pension fund management segment have collaborated to offer insurance coverage on outstanding credit card balances up to a maximum of \$2,500,000 through a brand new credit card insurance product – Creditor Life on Credit Cards.
- In December 2013, NCB Capital Markets Limited (NCBCM), a wholly owned subsidiary of National Commercial Bank Jamaica Limited (NCBJ) completed the acquisition of AIC Finance Limited.
- In the wealth management segment, we launched our unit trust product – NCB CAPFunds, which offers investors the option of three expertly managed funds (M Fund – JMD Money Market Portfolio, B Fund – JMD High Yield Portfolio, and E Fund – NCB Caribbean Equity Portfolio) to suit a variety of investment and savings needs over the medium to long term.

Financial performance

Operating income

For the quarter ended December 31, 2013, operating income increased by 14%, or \$1.3 billion, when compared with the quarter ended December 31, 2012, mainly as a result of:

- Premium income, increasing by 606%, or \$1.6 billion, due mainly to the inclusion of general insurance premiums as a result of the acquisition of Advantage General Insurance Company Limited (AGIC) on February 19, 2013.
- Net interest income, increasing by 8%, or \$455 million, primarily due to growth in loans and advances.

These increases were partially offset by a 93%, or \$739 million reduction in gain on foreign currency and investment activities mainly due to reduced earnings in the foreign exchange market and reduced activity in the fixed income investment securities market.

Financial performance (continued)

Operating expenses

Operating expenses increased by 29%, or \$1.7 billion, in the quarter ended December 31, 2013, over the quarter ended December 31, 2012, mainly as a result of:

- Increases of 488%, or \$971 million, in policyholders' and annuitants' benefits and reserves, primarily due to general insurance benefits and reserving expenses related to the acquisition of AGIC during the second quarter of the previous financial year.
- Other operating expenses, which increased by 23%, or \$431 million, primarily due to increased consultancy fees and property, vehicle & ABM maintenance & utilities expenses.
- Staff costs, which increased by 12%, or \$332 million, due primarily to a larger workforce related to the acquisition of AGIC.

Loans and advances

Loans and advances, which totalled \$148.4 billion (net of provision for credit losses) as at December 31, 2013, grew by 27%, or \$31.8 billion, compared to the loan portfolio as at December 31, 2012. Non-performing loans totalled \$7.3 billion as at December 31, 2013 (\$8.8 billion as at December 31, 2012) and represented 4.8% of the gross loans compared to 7.2% as at December 31, 2012. The reduction is due to the full or partial write-off of impaired non-performing loans which were provided for in previous periods. Our activities to ensure that delinquency management processes remain robust and proactive are ongoing and we continue to make the necessary adjustments to respond to changes in the environment. The regulatory provision coverage at December 31, 2013 was 120.2% of non-performing loans compared to 113.8% at December 31, 2012.

Deposits

Customer deposits were \$194.3 billion, up 10% over the prior year; savings and fixed deposits were up by 19% over the prior year.

Capital

<u>Company</u>	<u>Regulatory Capital Ratio</u>	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.9%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	22.9%	26.5%
NCB Insurance Company Limited	Stockholders' equity to total liabilities (Solvency ratio) [Minimum requirement – 10.0%]	35.9%	35.2%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	288.9%	257.7%

Segment performance for the quarter ended December 31, 2013

The commercial banking activities, comprising Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments produced combined operating profits of \$1.8 billion, for the quarter ended December 31, 2013, a decrease of 7%, or \$147 million, when compared to the quarter ended December 31, 2012.

Retail & SME

Operating profits of \$275 million improved by 61%, or \$104 million. Operating income increased by \$168 million, or 5%, over the prior year, driven primarily by a 5% million increase in net interest income.

Payment Services

Operating profits of \$623 million increased by 20%, or \$106 million, driven mainly by increased fee income linked to the higher volume of transactions carried out at our point-of-sale machines during the quarter.

Corporate Banking

Operating profits of \$178 million decreased by 54%, or \$210 million, from the prior year and this is mainly attributed to reduced net fee and commission income and higher operating expenses primarily due to costs incurred in maintaining and operating properties held in relation to impaired loans.

Treasury & Correspondent Banking

Operating profits of \$768 million decreased by 16%, or \$147 million. This reduction was primarily due to reduced gains on foreign currency activities, when compared to the prior year.

Wealth Management

Operating profits of \$779 million decreased by 36%, or \$448 million, primarily due to reduced gains on investment activities.

Insurance and Pension Fund Management

Operating profits of \$632 million decreased by 6%, or \$43 million.

General Insurance

This new segment which was created following the acquisition of AGIC, earned operating profits of \$347 million.

Dividends

The Board of Directors, at its meeting on January 23, 2014, declared an interim dividend of \$0.32 per ordinary stock unit. The dividend is payable on February 20, 2014 for stockholders on record as at February 7, 2014.

Corporate Social Responsibility

We believe that it is important to build the communities in which we serve and this is the mission of the N.C.B. Foundation. As such, we have made a further commitment to support philanthropic and development activities up to 1% of the Bank's net profit on an annual basis for another three (3) years. During the quarter, we committed over \$14 million in support of various initiatives, the focus of which were Education, Community Development (including Sports), and Youth Entrepreneurship & Development as well as some of the activities highlighted below.

Education

We continued to partner with the Ministry of Education on the CXC Fee Payment programme where we fund the examination fees for 4,614 students from 112 schools across the island to sit the Principles of Accounts and Principles of Business subjects.

We also provided infrastructural assistance to schools, such as Holy Childhood High and Sandy Bay Primary and Junior High Schools. Support was also given to the annual Jamaica Teaching Council Teachers' Awards and the 3rd annual Heritage essay competition hosted by the Jamaica Information Service in support of literacy development. Additionally, our branches and volunteers continue to lend support to our projects and assistance was given to school feeding programmes, equipment assistance and motivational sessions.

Community Development & Sports

Branches continue to play a major role in executing support in this area. Support was given to end of year events such as treats and fundraisers many of which were to assist the less fortunate. These included the annual Ward 5 treat at the Bustamante Children's Hospital and the Office of the Children's Advocate treat in Clarendon.

Youth Leadership & Entrepreneurship

Our primary support for the period was given to the Duhaney Park Gospel Assembly which hosted a developmental summer camp for youths in the surrounding communities.

We are extremely grateful to our customers, shareholders, employees and other key stakeholders whose support has allowed us to fulfil our Vision of building our communities.

To our customers, we say thank you for your continued loyalty, confidence and support; and let us help you to always ***Put Your Best Life Forward.***



ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Unaudited Consolidated Income Statement

Quarter ended December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	<i>CURRENT YEAR</i>		<i>PRIOR YEAR</i>	
		Quarter ended December 31 2013 \$'000	<i>Restated</i>		
			Quarter ended	Quarter ended	
			September 30 2013 \$'000	December 31 2012 \$'000	
Operating income					
Interest income		8,993,142	8,428,247	8,192,303	
Interest expense		(2,638,317)	(2,274,096)	(2,292,387)	
Net interest income		6,354,825	6,154,151	5,899,916	
Fee and commission income		2,552,582	2,533,595	2,417,482	
Fee and commission expense		(430,798)	(454,754)	(346,185)	
Net fee and commission income		2,121,784	2,078,841	2,071,297	
Gain on foreign currency and investment activities		57,237	338,885	796,273	
Dividend income		42,014	7,230	113,415	
Premium income		1,851,102	1,522,609	262,170	
Other operating income		43,213	48,165	19,993	
		1,993,566	1,916,889	1,191,851	
		10,470,175	10,149,881	9,163,064	
Operating expenses					
Staff costs		3,132,158	2,908,730	2,800,496	
Provision for credit losses		390,435	283,172	563,014	
Depreciation and amortisation		356,879	338,581	256,175	
Policyholders' and annuitants' benefits and reserves		1,169,685	1,270,114	198,966	
Other operating expenses		2,291,734	3,040,631	1,861,105	
		7,340,891	7,841,228	5,679,756	
Operating profit		3,129,284	2,308,653	3,483,308	
Gain on acquisition of subsidiary	4	301,441	-	-	
Share of profit of associates		213,578	236,430	166,712	
Profit before taxation		3,644,303	2,545,083	3,650,020	
Taxation		(788,324)	(766,565)	(863,660)	
NET PROFIT		2,855,979	1,778,518	2,786,360	
Earnings per stock unit (expressed in \$ per share)					
Basic and diluted		1.16	0.72	1.13	

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Quarter ended December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended December 31 2013 \$'000	Restated Quarter ended September 30 2013 \$'000	Quarter ended December 31 2012 \$'000
Net Profit	2,855,979	1,778,518	2,786,360
Other comprehensive income, net of tax-			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	(7,043)	(41,244)	-
	<u>2,848,936</u>	<u>1,737,274</u>	<u>2,786,360</u>
Items that may be subsequently reclassified to profit or loss			
Currency translation gains	100,713	64,302	74,074
Unrealised (losses)/gains on available-for-sale investments	(1,480,294)	1,283,126	(75,956)
Realised fair value losses/(gains) on sale and maturity of available-for-sale investments	126	(553,167)	(379,753)
Total other comprehensive income	<u>(1,379,455)</u>	<u>794,261</u>	<u>(381,635)</u>
TOTAL COMPREHENSIVE INCOME	<u>1,469,481</u>	<u>2,531,535</u>	<u>2,404,725</u>

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position


December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)


	Note	December 31 2013 S'000	Restated September 30 2013 S'000	Restated December 31 2012 S'000
ASSETS				
Cash in hand and balances at Central Banks		28,544,200	24,388,683	30,029,277
Due from other banks		19,871,412	19,328,412	18,722,834
Derivative financial instruments		507,276	387,304	6,845
Investment securities at fair value through profit or loss		821,292	380,755	380,187
Reverse repurchase agreements		880,941	328,105	864,040
Loans and advances, net of provision for credit losses		148,411,704	141,150,312	116,572,047
Investment securities classified as available-for-sale and loans and receivables		105,690,789	100,856,119	93,776,320
Pledged assets		136,216,774	134,530,695	118,513,684
Investment in associates		7,876,063	8,512,251	7,189,400
Investment properties		484,500	462,500	12,500
Intangible assets		1,929,104	1,837,974	1,091,152
Property, plant and equipment		6,682,676	6,438,707	5,266,888
Deferred income tax assets		327,345	31,710	68,712
Income tax recoverable		1,891,759	2,173,835	869,729
Customers' liability - letters of credit and undertaking		2,191,959	1,479,108	489,160
Other assets		4,314,595	4,288,585	3,338,925
Total assets		466,642,389	446,575,055	397,191,700
LIABILITIES				
Due to other banks		11,805,454	17,410,200	10,446,777
Customer deposits		194,298,210	178,411,021	177,395,487
Repurchase agreements		121,095,762	117,377,395	101,744,888
Obligations under securitisation arrangements		10,397,245	10,101,032	2,055,032
Derivative financial instruments		-	1,437	-
Other borrowed funds		7,634,828	4,900,592	3,953,102
Income tax payable		124,652	14,299	118,622
Deferred income tax liabilities		2,593,476	2,382,171	1,511,284
Liabilities under annuity and insurance contracts		34,065,281	33,914,506	25,573,134
Provision for litigation		11,500	11,500	17,007
Post-employment benefit obligations	2	1,864,023	1,793,616	1,541,329
Liability - letters of credit and undertaking		2,191,959	1,479,108	489,160
Other liabilities		7,484,389	6,778,092	5,620,705
Total liabilities		393,566,779	374,574,969	330,466,527
STOCKHOLDERS' EQUITY				
Share capital		6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme		(3,388)	(3,388)	(3,388)
Fair value and capital reserves		1,111,105	2,490,560	1,812,544
Loan loss reserve		5,282,568	5,141,357	4,715,329
Banking reserve fund		6,512,634	6,512,634	6,512,634
Retained earnings reserve		18,897,007	18,050,657	14,774,657
Retained earnings		34,809,953	33,342,535	32,447,666
Total stockholders' equity		73,075,610	72,000,086	66,725,173
Total equity and liabilities		466,642,389	446,575,055	397,191,700

Approved for issue by the Board of Directors on January 23, 2014 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 December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee 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 as at October 1, 2012 - Restated	6,465,731	(3,388)	2,194,179	4,662,842	6,512,634	14,013,657	32,050,297	65,895,952
Total comprehensive income	-	-	(381,635)	-	-	-	2,786,360	2,404,725
Dividends paid	-	-	-	-	-	-	(1,575,504)	(1,575,504)
Transfer to Loan loss reserve	-	-	-	52,487	-	-	(52,487)	-
Transfer to Retained earnings reserve	-	-	-	-	-	761,000	(761,000)	-
Balance at December 31, 2012 - Restated	6,465,731	(3,388)	1,812,544	4,715,329	6,512,634	14,774,657	32,447,666	66,725,173
Balance as at October 1, 2013 - Restated	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,342,535	72,000,086
Total comprehensive income	-	-	(1,379,455)	-	-	-	2,848,936	1,469,481
Dividends paid	-	-	-	-	-	-	(393,957)	(393,957)
Transfer to Loan loss reserve	-	-	-	141,211	-	-	(141,211)	-
Transfer to Retained earnings reserve	-	-	-	-	-	846,350	(846,350)	-
Balance at December 31, 2013	6,465,731	(3,388)	1,111,105	5,282,568	6,512,634	18,897,007	34,809,953	73,075,610

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Quarter ended December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	December 31 2013 \$'000	Restated December 31 2012 \$'000
Cash Flows from Operating Activities		
Net profit	2,855,979	2,786,360
Adjustments to reconcile net profit to net cash provided by operating activities	11,015,839	8,025,469
Net cash provided by operating activities	<u>13,871,818</u>	<u>10,811,829</u>
Cash Flows from Investing Activities		
Acquisition of subsidiary and capital injection, net of cash acquired	(307,063)	-
Acquisition of property, plant and equipment	(430,249)	(200,710)
Acquisition of intangible asset - computer software	(248,545)	(49,404)
Proceeds from disposal of property, plant and equipment	26,576	666
Dividends received from associates	105,376	101,674
Purchases of investment securities	(25,486,461)	(68,533,398)
Sales/maturities of investment securities	9,722,201	64,505,437
Net cash used in investing activities	<u>(16,618,165)</u>	<u>(4,175,735)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	-	(438,301)
Proceeds from other borrowed funds	3,147,064	759,959
Repayments of other borrowed funds	(450,195)	(437,999)
Due to other banks	(4,860,716)	465,760
Dividends paid	(393,957)	(1,575,504)
Net cash used in financing activities	<u>(2,557,804)</u>	<u>(1,226,085)</u>
Effect of exchange rate changes on cash and cash equivalents	1,047,988	928,748
Net (decrease)/increase in cash and cash equivalents	<u>(4,256,163)</u>	<u>6,338,757</u>
Cash and cash equivalents at beginning of period	28,561,967	21,266,744
Cash and cash equivalents at end of period	<u>24,305,804</u>	<u>27,605,501</u>
Comprising:		
Cash in hand and balances at Central Banks	7,013,278	11,454,227
Due from other banks	18,808,395	18,068,506
Reverse repurchase agreements	25,211	852,628
Investment securities	3,505,308	905,239
Due to other banks	(5,046,388)	(3,675,099)
	<u>24,305,804</u>	<u>27,605,501</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Quarter ended December 31, 2013

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	3,610,847	1,990,251	1,139,220	1,714,421	1,944,539	1,660,641	1,463,879	15,494	-	13,539,292
Revenue from other segments	571,046	-	18,370	642,041	227,012	26,711	8,880	27,219	(1,521,279)	-
Total revenue	4,181,893	1,990,251	1,157,590	2,356,462	2,171,551	1,687,352	1,472,759	42,713	(1,521,279)	13,539,292
Interest income	3,263,253	753,995	1,044,767	2,317,532	2,050,426	723,680	179,245	9,168	(1,349,075)	8,992,991
Interest expense	(406,460)	(251,980)	(650,887)	(1,311,696)	(1,117,280)	(243,326)	-	(59)	1,349,075	(2,632,613)
Net interest income	2,856,793	502,015	393,880	1,005,836	933,146	480,354	179,245	9,109	-	6,360,378
Net fee and commission income	817,033	794,157	96,330	55,234	10,254	290,617	37,965	17,493	(28,378)	2,090,705
Gain/(loss)on foreign currency and investment activities	48,008	3,736	11,673	(144,978)	94,284	52,274	519	2,816	(11,605)	56,727
Premium income	-	-	-	-	-	614,269	1,246,232	-	(9,399)	1,851,102
Other income	15,337	1,370	1,141	126,539	15,801	6,512	8,798	13,234	(135,301)	53,431
Total operating income	3,737,171	1,301,278	503,024	1,042,631	1,053,485	1,444,026	1,472,759	42,652	(184,683)	10,412,343
Staff costs	1,353,596	100,140	64,395	37,742	127,660	146,247	251,630	21,295	(9,735)	2,092,970
Provision for credit losses	211,014	167,582	11,880	-	-	-	-	-	-	390,476
Depreciation and amortisation	36,098	27,720	1,784	28,852	1,883	1,606	19,539	350	17,911	135,743
Policyholders and annuitants benefits and reserves	-	-	-	-	-	522,789	646,896	-	-	1,169,685
Other operating expenses	599,500	205,021	155,720	148,822	145,000	141,445	207,512	3,445	(57,243)	1,549,222
Total operating expense	2,200,208	500,463	233,779	215,416	274,543	812,087	1,125,577	25,090	(49,067)	5,338,096
Operating profit before allocated costs	1,536,963	800,815	269,245	827,215	778,942	631,939	347,182	17,562	(135,616)	5,074,247
Allocated costs	(1,261,481)	(178,119)	(91,136)	(59,340)	-	-	-	-	-	(1,590,076)
Operating profit	275,482	622,696	178,109	767,875	778,942	631,939	347,182	17,562	(135,616)	3,484,171
Unallocated corporate expenses										(354,887)
Gain on acquisition of subsidiary										301,441
Share of profit of associates										213,578
Profit before taxation										3,644,303
Taxation										(788,324)
Net Profit										2,855,979
Segment assets	154,971,628	12,450,264	61,849,697	133,262,395	128,230,151	37,139,609	11,034,191	999,793	(84,850,801)	455,086,927
Associates										7,876,063
Unallocated assets										3,679,399
Total assets										466,642,389
Segment liabilities	140,679,181	8,111,241	51,785,142	119,717,098	110,888,058	27,771,957	7,449,216	188,648	(76,774,956)	389,815,585
Unallocated liabilities										3,751,194
Total liabilities										393,566,779
Capital expenditure	332,118	73,417	28,313	32,010	55,114	70,822	78,905	8,095	-	678,794

National Commercial Bank Jamaica Limited

Unaudited Segment Report - Restated

Quarter ended December 31, 2012

	Consumer & SME								Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	3,291,290	1,662,332	1,087,885	1,995,467	2,350,433	1,398,269	15,960	-	11,801,636
Revenue from other segments	768,337	-	454	399,565	167,494	12,911	52,499	(1,401,260)	-
Total revenue	4,059,627	1,662,332	1,088,339	2,395,032	2,517,927	1,411,180	68,459	(1,401,260)	11,801,636
Interest income	3,115,390	615,831	851,359	2,031,320	2,062,462	727,757	8,994	(1,221,063)	8,192,050
Interest expense	(392,017)	(168,946)	(434,943)	(1,235,012)	(1,011,779)	(266,431)	(98)	1,221,063	(2,288,163)
Net interest income	2,723,373	446,885	416,416	796,308	1,050,683	461,326	8,896	-	5,903,887
Net fee and commission income	792,799	692,650	228,927	47,595	33,497	249,146	16,636	(30,776)	2,030,474
Gain on foreign currency and investment activities	35,895	2,064	4,449	198,721	352,924	134,211	16,121	(21,407)	722,978
Premium income	-	-	-	-	-	269,085	-	(6,915)	262,170
Other income	17,448	1,164	968	115,865	69,044	30,981	13,428	(116,181)	132,717
Total operating income	3,569,515	1,142,763	650,760	1,158,489	1,506,148	1,144,749	55,081	(175,279)	9,052,226
Staff costs	1,389,611	70,553	64,382	33,266	115,162	115,710	10,453	(7,359)	1,791,778
Provision for credit losses	388,656	180,714	(6,345)	-	-	-	-	-	563,025
Depreciation and amortisation	38,137	20,082	1,479	25,767	1,951	9,039	371	-	96,826
Policyholders and annuitants benefits and reserves	-	-	-	-	-	198,966	-	-	198,966
Other operating expenses	487,599	189,279	114,443	134,961	162,429	146,208	5,680	(42,471)	1,198,128
Total operating expense	2,304,003	460,628	173,959	193,994	279,542	469,923	16,504	(49,830)	3,848,723
Operating profit before allocated costs	1,265,512	682,135	476,801	964,495	1,226,606	674,826	38,577	(125,449)	5,203,503
Allocated costs	(1,094,413)	(165,233)	(88,223)	(49,855)	-	-	-	-	(1,397,724)
Operating profit	171,099	516,902	388,578	914,640	1,226,606	674,826	38,577	(125,449)	3,805,779
Unallocated corporate expenses									(322,471)
Share of profits of associates									166,712
Profit before taxation									3,650,020
Taxation									(863,660)
Net Profit									2,786,360
Segment assets	142,384,517	10,565,715	55,886,678	133,102,721	111,700,861	34,597,203	995,563	(100,166,204)	389,067,054
Associates									7,189,400
Unallocated assets									935,246
Total assets									397,191,700
Segment liabilities	132,114,090	7,286,265	43,327,826	118,707,018	95,432,825	25,759,639	177,701	(94,857,758)	327,947,604
Unallocated liabilities									2,518,923
Total liabilities									330,466,527
Capital expenditure	173,095	30,828	6,179	7,675	10,160	18,967	3,210	-	250,114

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

December 31, 2013

(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 46.43% (December 31, 2012 - 49.97%) 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, 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; NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom and AIC Finance Limited, which is incorporated in Trinidad and Tobago

On December 12, 2013, through its shareholding in NCB Capital Markets Limited, the Group acquired the entire issued share capital of AIC Finance Limited, a licensed financial institution in Trinidad and Tobago. The company was acquired from AIC Financial Group Limited, which is controlled by the Chairman of National Commercial Bank Jamaica Limited. See note 4 for details of acquisition.

2. Basis of preparation

The condensed consolidated interim financial statements for the three months ended December 31, 2013 have 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 September 30, 2013 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

Adoption of revised IAS 19 - Employee Benefits

On October 1, 2013, the Group adopted IAS 19 (Revised), 'Employee Benefits', (effective for annual periods beginning on or after January 1, 2013). IAS 19 (Revised) amends the accounting for employment benefits to require the immediate recognition of all past service costs which were previously deferred over the period of vesting. It also eliminates the 'corridor approach' and requires that all actuarial gains and losses are recognised immediately in other comprehensive income. The revised standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the period.

(i) Pension Schemes

The Bank's defined benefit pension scheme is closed. No pension asset is recognised in respect of this scheme as the Bank would not benefit from any surplus arising on the winding up. As a result, the Bank incurs no current service or interest cost in respect of this scheme. The new standard, therefore, has had no impact on the recognition of the Bank's defined benefit pension scheme.

(ii) Other Post-Employment Benefits

In addition to pension benefits, the Group offers medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. In respect of the other post-employment benefits, the revised standard has resulted in an increase in the liability recognised in the statement of financial position, and changes to the income statement and other comprehensive income for the quarters ended September 30, 2013 and December 31, 2012. The adoption of the new standard was applied retrospectively and therefore the prior year financial statements have been restated to show the effects of these changes. The effect of the changes on the financial position and results of operations for the quarters ended September 30, 2013 and December 31, 2012 are as follows:

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

	Quarter ended September 30 2013 \$'000	Quarter ended December 31 2012 \$'000
Income Statement		
Net profit, as previously reported	1,746,321	2,786,360
Adjustments for actuarial losses previously recognised in profit	48,295	-
Deferred tax thereon	(16,098)	-
Net profit, as restated	<u>1,778,518</u>	<u>2,786,360</u>
Other Comprehensive Income		
Other comprehensive income, as previously reported	794,261	(381,635)
Remeasurements of post-employment benefit obligations	(41,244)	-
Other comprehensive income, as restated	<u>753,017</u>	<u>(381,635)</u>
Total comprehensive Income		
Total comprehensive income, as previously reported	2,540,582	2,404,725
Net adjustment to income statement and other comprehensive income	(9,047)	-
Total comprehensive income, as restated	<u>2,531,535</u>	<u>2,404,725</u>
Statement of Financial Position		
Deferred taxation, as previously reported	2,610,379	1,734,968
Tax on previously unrecognised actuarial losses	(228,208)	(223,684)
Deferred taxation, as restated	<u>2,382,171</u>	<u>1,511,284</u>
Post-employment benefit obligations, as previously reported	1,108,993	870,276
Previously unrecognised actuarial losses	684,623	671,053
Post-employment benefit obligations, as restated	<u>1,793,616</u>	<u>1,541,329</u>
Retained Earnings, as previously reported	33,798,950	32,895,035
Previously unrecognised actuarial losses	(456,415)	(447,369)
Retained Earnings, as restated	<u>33,342,535</u>	<u>32,447,666</u>

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

December 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

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 services.
- 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.
- General insurance – This incorporates property and casualty insurance services.
- The Group’s insurance brokerage services, trustee services, registrar and transfer agent services are classified as Other for segment reporting.

The Group has taken the decision to discontinue money remittance services provided by NCB Remittance Services (Jamaica) Limited and NCB Remittance Services (UK) Limited during the second quarter of the current financial year. The decision was taken after further review of the business models across the Group, to ensure that the Group employs a solid Corporate Governance structure and operate within a robust compliance framework. NCB Remittance Services (UK) Limited will however cease all forms of remittances except for pension payments.

The Group will also discontinue the provision of registrar services by N.C.B. Jamaica (Nominees) Limited to external clients in the second quarter and temporarily ceased insurance brokerage services provided by Mutual Security Insurance Brokers Limited during the quarter ended December 31, 2013.

The reduction or cessation in the provision of remittance, registrar and insurance brokerage services will not have a significant impact on the results of the Group, and accordingly has not been presented as discontinued operations.

4. Acquisition of AIC Finance Limited

Details of the net assets acquired and gain on acquisition, determined on a provisional basis, were as follows:

Net assets arising on acquisition:	\$'000
Cash in hand and balances at Central Bank	95,837
Due from other banks	783,062
Reverse repurchase agreements	12,902
Loans and advances, net of provision for credit losses	369,833
Investment securities classified as available-for-sale and loans and receivables	549,876
Intangible assets	2,092
Property, plant and equipment	18,654
Other assets	16,156
Customer deposits	(1,208,438)
Other liabilities	(28,678)
Net assets	<u>611,296</u>
Gain on acquisition:	
Net assets acquired	611,296
Purchase consideration paid in cash	(309,855)
Gain on acquisition	<u>301,441</u>

**INTEREST/OWNERSHIP OF SECURITIES BY DIRECTORS AND SENIOR MANAGERS IN
NATIONAL COMMERCIAL BANK JAMAICA LIMITED AS AT DECEMBER 31, 2013**

Directors	Total	Direct	Connected Parties
Robert Almeida	50,425,751	144,861	50,280,890
Wayne Chen	1,184,368,885	14,044	1,184,354,841
Dennis Cohen	73,039,457	86,480	72,952,977
Sandra Glasgow	73,015,026	65,049	72,949,977
Sanya Goffe	4,340	4,340	0
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	425,072	425,072	0
Hon. Michael Lee-Chin, OJ	1,577,491,205	1,963,029	1,575,528,176
Thalia Lyn	73,117,935	152,838	72,965,097
Prof. Alvin Wint	88,144	88,144	0
Dave Garcia (Company Secretary)	11,210	11,210	0
Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Bernadette Barrow	0	0	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Ffrench Campbell	57,660	57,660	0
Lennox Channer	354	0	354
Yvonne Clarke	67,871	67,871	0
Dennis Cohen	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Raymond Donaldson	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Peter Higgins	0	0	0
Barbara Hume	69,900	43,320	26,580
Patrick Hylton, CD	425,072	425,072	0
Vernon James	99,504	99,504	0
Ramon Lewis	0	0	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Lincoln McIntyre	134,307	133,067	1,240
Anne McMorris-Cover	940	940	0
Nadienne Neita	38,914	23,502	15,412
Marva Peynado	52,338	52,338	0
Janelle Prevost	0	0	0
Norman Reid	65,934	65,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriguez	42,147	42,147	0
Malcolm Sadler	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	16,640	16,640	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	0	0	0
Allison Wynter	73,050,766	100,789	72,949,977

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
10 LARGEST SHAREHOLDERS AS AT DECEMBER 31, 2013**

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,145,337,980	46.43%
Harprop Limited	314,372,000	12.74%
Sagicor PIF Equity Fund	116,836,404	4.74%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc	49,565,238	2.01%
Ideal Portfolio Services Company Limited	46,539,904	1.89%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	26,474,981	1.07%
Beta SPV Limited	21,000,000	0.85%
Grace Kennedy Pension Scheme	18,923,296	0.77%

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
SHAREHOLDER PROFILE AS AT DECEMBER 31, 2013**

Number of Shareholders	Ownership of Each Shareholder	Total Percentage Ownership	Number of Units
(1) shareholder with 5 accounts	46.43%	46.43%	1,145,337,980
1	10-15%	12.74%	314,372,000
6	1-5%	13.80%	340,583,789
35,746	Less than 1%	27.03%	666,469,059
35,754		100.00%	2,466,762,828