

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 nine months ended 30 June 2012.

PERFORMANCE HIGHLIGHTS

Nine months ended 30 June 2012 compared with nine months ended 30 June 2011

- Net profit of \$7.4 billion, a decrease of \$1.9 billion, or 20.6%.
- Earnings per stock unit of \$2.98, declined by \$0.79, or 20.6%.
- Cost to income ratio increased to 57.1%, from 53.3%.
- Total assets of \$379.4 billion, increased by 9.1%, or \$31.5 billion.
- Return on average total assets decreased to 2.7%, from 3.6%.
- Net loans of \$107.6 billion, grew by 18.4%, or \$16.7 billion.
- Customer deposits of \$168.6 billion, increased by 13.3%, or \$19.8 billion.
- Total stockholders' equity of \$64.1 billion, increased by 9.5%, or \$5.6 billion.
- Return on average stockholders' equity decreased to 15.7%, from 23.0%.

Quarter ended 30 June 2012 compared with quarter ended 31 March 2012

- Net profit of \$2.6 billion, increased by \$584 million, or 29.1%.
- Earnings per stock unit of \$1.05, increased by \$0.24, or 29.1%.
- Cost to income ratio increased to 58.5%, from 56.7%.
- Return on average total assets increased to 2.8%, from 2.2%.
- Return on average stockholders' equity increased to 16.4%, from 12.8%.

Group Managing Director, Patrick Hylton commented, "Our results for the nine months ended 30 June 2012 reflect strong growth in the loan and deposit portfolios of our commercial banking business as well as repurchase agreements of our main wealth management subsidiary. These results reflect our focus on growth in our core businesses as we pursue our key strategic initiatives. In further pursuit of ensuring that we meet the needs of our customers, we have expanded our sales team and introduced a retail mortgage product and a new credit card product. We continued our commitment to fostering economic growth and have seen significant growth in the uptake of the various products offered to the Small & Medium sized business sector. Our strategic initiatives also include enhancing our operating efficiency and during the period, we engaged in projects that led to the centralisation of our underwriting and delinquency management activities. We also began to implement recommended improvements to our Enterprise Risk Management framework.

For the remainder of the financial year, we will continue with our activities that are intended to drive growth in our core businesses and improve our business efficiencies. We remain focused on ensuring that we create value for all our stakeholders: customers, employees and shareholders. In the area of nation building our fourth quarter activities will primarily be focused on our tertiary scholarship programme where we will award scholarships, bursaries and grants to over 200 students."

FINANCIAL PERFORMANCE

Operating income increased by \$175 million, or 0.7%, for the nine months ended 30 June 2012, when compared with the nine months ended 30 June 2011, mainly as a result of:

- Net fee and commission income, which increased by \$596 million, or 12.6%, mainly due to increased fees arising from growth in the Retail and SME loan portfolios.
- Net interest income, which increased by \$489 million, or 3.1%, due mainly to growth in the net loan portfolio, despite lower yields earned on our investment securities and loan portfolios.
- Gain on foreign currency and investment activities, which increased by \$314 million, or 11.1%, due to increased gains from the sale of fixed income securities.

These increases were partially offset by the 47.4%, or \$1.3 billion reduction in premium income due to lower annuities sold during the nine months ended 30 June 2012 when compared to the prior year.

Operating expenses increased by \$2.6 billion, or 18.2%, for the nine months ended 30 June 2012, over the nine months ended 30 June 2011, mainly as a result of:

- Provision for credit losses, which increased by \$1.2 billion, or 213.1%, due mainly to increased loan losses.
- Staff costs, which increased by \$1.1 billion, or 15.8%, due to the negotiated salary increase for the 2011/2012 financial year, and increased staff benefits paid during the nine months ended 30 June 2012 which relate to the 2010/2011 financial year.
- Impairment losses on securities, of \$314 million, represented impairment losses recorded on securities which have been deemed impaired.
- The reduction in premium income also resulted in lower benefits being reserved for annuity contracts, and this reduction was substantially offset by increases in operating expenses including amounts booked in respect of the recently modified asset tax regime.

Loans and advances, which totalled \$107.6 billion (net of provision for credit losses) as at 30 June 2012, grew by \$16.7 billion, or 18.4%, compared to the loan portfolio as at 30 June 2011. Non-performing loans totalled \$7.9 billion as at 30 June 2012 (\$6.8 billion as at 30 June 2011) and represented 7.1% of the gross loans compared to 7.3% as at 30 June 2011. Our regulatory provision coverage as at 30 June 2012 was 114.2% of non-performing loans compared to 115.5% at 30 June 2011. Our delinquency management processes remain robust and effective.

Customer deposits, which totalled \$168.6 billion as at 30 June 2012, grew by \$19.8 billion, or 13.3%, compared to the deposit portfolio as at 30 June 2011.

As reported by the Bank of Jamaica, at 31 March 2012, NCBJ held the largest market share in loans (38.1%) and deposits (38.4%) in the commercial banking industry, and remains the largest commercial bank in Jamaica when measured by assets, branch network and capital base.

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 \$5.4 billion for the nine months ended 30 June 2012; this represents a decrease of \$2.1 billion, or 28.1%, from the nine months ended 30 June 2011.

Our Retail & SME segment recorded operating profits of \$839 million, down by 25.9%, or \$293 million, from the nine months ended 30 June 2011. The decline in the operating profits was driven mainly by reduced yields on loans, 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 \$1.4 billion, up by 16.0%, or \$199 million, over the nine months ended 30 June 2011. The improvement in the operating profits was driven mainly by increased net interest income and net fee and commission income, due to the growth in the credit card portfolio over the nine months ended 30 June 2011.

Our Corporate Banking segment recorded operating profits of \$177 million, a decline of 88.9%, or \$1.4 billion in its segment result when compared to the nine months ended 30 June 2011, and the reduction is mainly attributed to loan losses on a large non-performing loan. Loan growth has also been muted.

Our Treasury & Correspondent Banking segment recorded operating profits of \$2.9 billion, a decline of \$591 million, or 16.7%, when compared to the nine months ended 30 June 2011, which was mainly due to lower yields earned on our investment portfolio.

Our Wealth Management segment contributed operating profits of \$3.2 billion for the nine months ended 30 June 2012, representing a decrease of \$128 million, or 3.8%, from the nine months ended 30 June 2011; the reduction is attributed to impairment losses on investment securities.

Our Insurance and Pension Fund Management segment reported operating profits of \$2.1 billion for the nine months ended 30 June 2012; this result reflects an increase of \$314 million, or 18.1%, over the nine months ended 30 June 2011. Increases in gains on foreign currency and investment activities, net interest income, and fee and commission income were the primary reasons for the increase.

CAPITAL

The Group's stockholders' equity of \$64.1 billion, increased by \$5.6 billion, or 9.5%, when compared to 30 June 2011.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 13.6% (30 June 2011– 15.5%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCBCM was 29.4% (30 June 2011– 47.4%).
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCBIC was 35.4% (30 June 2011– 33.1%).

DIVIDENDS

On 26 July 2012, the Board declared an interim dividend of \$0.17 per ordinary stock unit. The dividend is payable on 27 August 2012 for stockholders on record as at 14 August 2012.

COMMUNITY RELATIONS

In pursuit of our mantra “Building a Better Jamaica”, we contributed \$21 million to a number of initiatives during the quarter. Our main areas of focus were Education - \$6 million, Community Development - \$3 million, Sport Development, Youth Leadership and Entrepreneurship - \$12 million.

Education

We continue to invest in the educational development of our nation’s youth. During the period, we supported various educational initiatives across the island which included providing assistance with tuition and school welfare programmes, and the infrastructure improvements for schools. Among the institutions that received assistance were Independence City Primary School, Morant Bay High School, and Manchester High School.

Community Development

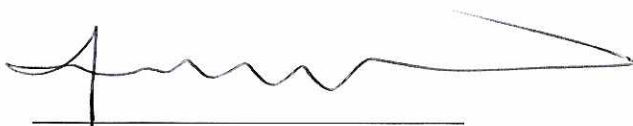
During the quarter, we provided funding to a number of Labour Day projects. We also made donations to institutions such as the Heart Foundation of Jamaica, Jamaica Environment Trust and the St. Andrew Care Centre, in support of their programme that caters to at-risk boys.

Sports Development & Youth Leadership & Entrepreneurship

We continue to support programmes that seek to encourage our nation’s youth into becoming change agents in their schools and communities. The main organisations that received our support during the period were the National Youth Orchestra of Jamaica, MVP Track & Field Club, and the Jamaica Amateur Athletics Association National Championships. During the quarter, we also sponsored students to compete at the 2012 CARIFTA Swimming Championships.

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.***

A handwritten signature in black ink, consisting of a series of connected loops and a long horizontal stroke extending to the right.

ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Unaudited Consolidated Income Statement

Nine months ended 30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter Ended	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	30 June	31 March	30 June	30 June	30 June
	2012	2012	2012	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income					
Interest income	7,739,563	7,506,659	22,793,420	7,639,299	22,767,616
Interest expense	(2,141,388)	(2,107,571)	(6,456,557)	(2,172,323)	(6,919,977)
Net interest income	5,598,175	5,399,088	16,336,863	5,466,976	15,847,639
Fee and commission income	2,088,364	2,044,628	6,169,559	1,890,123	5,522,194
Fee and commission expense	(296,210)	(320,683)	(861,197)	(285,464)	(809,853)
Net fee and commission income	1,792,154	1,723,945	5,308,362	1,604,659	4,712,341
Gain on foreign currency and investment activities	705,888	1,428,328	3,140,835	903,217	2,826,572
Dividend income	31,667	6,591	68,926	2,476	11,323
Premium income	408,603	739,817	1,429,965	1,043,903	2,717,220
Other operating income	40,166	25,374	80,815	10,549	75,288
	1,186,324	2,200,110	4,720,541	1,960,145	5,630,403
	8,576,653	9,323,143	26,365,766	9,031,780	26,190,383
Operating Expenses					
Staff costs	2,609,112	2,618,731	7,941,947	2,318,176	6,861,086
Provision for credit losses	273,971	1,214,288	1,800,766	159,262	575,209
Depreciation and amortisation	211,426	198,047	580,187	143,637	426,623
Impairment losses on securities	-	314,000	314,000	-	-
Other operating expenses	2,193,723	2,464,989	6,531,416	2,339,481	6,659,923
	5,288,232	6,810,055	17,168,316	4,960,556	14,522,841
Operating Profit	3,288,421	2,513,088	9,197,450	4,071,224	11,667,542
Dilution of share in associate	(67,618)	-	(67,618)	-	-
Share of profits of associates	157,527	178,308	481,256	43,907	205,665
Profit before Taxation	3,378,330	2,691,396	9,611,088	4,115,131	11,873,207
Taxation	(790,720)	(687,594)	(2,250,724)	(970,736)	(2,604,230)
NET PROFIT	2,587,610	2,003,802	7,360,364	3,144,395	9,268,977
Earnings per stock unit (expressed in \$ per share) Basic and diluted	\$ 1.05	\$ 0.81	\$ 2.98	\$ 1.28	\$ 3.77

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Nine months ended 30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended 30 June 2012 \$'000	Quarter Ended 31 March 2012 \$'000	Year to Date 30 June 2012 \$'000	Quarter Ended 30 June 2011 \$'000	Year to Date 30 June 2011 \$'000
Net Profit	2,587,610	2,003,802	7,360,364	3,144,395	9,268,977
Other comprehensive income, net of tax					
Currency translation/exchange gains/(losses)	74,005	42,598	121,938	3,488	(4,282)
Unrealised gains/(losses) on available-for-sale investments	17,486	(194,463)	298,645	1,610,655	4,828,684
Realised fair value gains on sale and maturity of investments	(392,029)	(1,185,906)	(2,477,762)	(542,054)	(1,652,786)
	(300,538)	(1,337,771)	(2,057,179)	1,072,089	3,171,616
TOTAL COMPREHENSIVE INCOME	2,287,072	666,031	5,303,185	4,216,484	12,440,593

National Commercial Bank Jamaica Limited


Unaudited Consolidated Statement of Financial Position

30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	30 June 2012 S'000	30 September 2011 S'000	30 June 2011 S'000
ASSETS				
Cash in hand and balances at Bank of Jamaica		22,406,087	20,725,491	18,791,928
Due from other banks		22,581,176	24,812,575	18,598,206
Derivative financial instruments		43,973	-	1,906
Investment securities at fair value through profit or loss		1,308,580	1,785,352	1,050,961
Reverse repurchase agreements		1,747,999	1,697,472	1,454,905
Loans and advances, net of provision for credit losses		107,577,325	91,728,138	90,845,967
Investment securities classified as available-for-sale and loans and receivables		207,647,446	202,962,775	206,178,683
Investment in associates	4	5,774,914	5,847,258	2,484,440
Investment property		12,500	12,000	12,000
Intangible asset - computer software		1,016,698	897,862	531,901
Property, plant and equipment		4,962,502	4,322,866	4,087,702
Deferred income tax assets		25,621	26,191	26,493
Income tax recoverable		1,248,506	1,402,777	1,572,416
Customers' liability - letters of credit and undertaking		591,914	361,606	249,118
Other assets		2,482,827	2,184,878	2,024,814
Total assets		379,428,068	358,767,241	347,911,440
LIABILITIES				
Due to other banks		11,332,979	6,402,201	7,036,709
Customer deposits		168,599,325	155,800,401	148,839,851
Promissory notes and certificates of participation		-	236,434	231,696
Repurchase agreements		95,557,813	84,075,103	81,858,453
Obligations under securitisation arrangements	5	3,149,973	14,378,119	15,854,938
Derivative financial instruments		18,749	-	2,246
Other borrowed funds		3,421,593	5,271,146	4,800,820
Income tax payable		104,965	12,591	10,501
Deferred income tax liabilities		1,974,226	2,387,682	2,059,933
Liabilities under annuity and insurance contracts		24,932,464	23,564,275	23,429,467
Provision for litigation		18,150	13,000	13,000
Post-employment benefit obligations		703,194	582,491	476,785
Liability - letters of credit and undertaking		591,914	361,606	249,118
Other liabilities		4,882,120	4,555,800	4,457,562
Total liabilities		315,287,465	297,640,849	289,321,079
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		3,045,849	5,166,594	5,706,862
Loan loss reserve		4,804,724	4,922,610	4,984,589
Banking reserve fund		6,512,634	6,039,667	5,870,721
Retained earnings reserve		14,013,657	11,375,761	9,875,761
Retained earnings		29,301,396	27,159,417	25,690,085
Total stockholders' equity		64,140,603	61,126,392	58,590,361
Total equity and liabilities		379,428,068	358,767,241	347,911,440

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



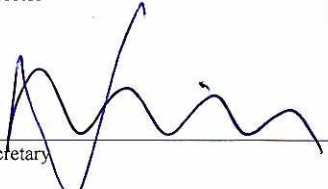
 Director



 Director

 Director



 Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended 30 June 2012

(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 as at 1 October 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	-	-	3,171,616	-	-	-	9,268,977	12,440,593
Dividends paid	-	-	-	-	-	-	(2,658,165)	(2,658,165)
Transfer to Loan Loss Reserve	-	-	-	3,849,577	-	-	(3,849,577)	-
Transfer to Banking Reserve Fund	-	-	-	-	670,515	-	(670,515)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Balance at 30 June 2011	6,465,731	(3,388)	5,706,862	4,984,589	5,870,721	9,875,761	25,690,085	58,590,361
Balance as at 1 October 2011	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	-	-	(2,120,745)	63,566	-	-	7,360,364	5,303,185
Dividends paid	-	-	-	-	-	-	(2,288,974)	(2,288,974)
Transfer from Loan Loss Reserve	-	-	-	(181,452)	-	-	181,452	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Transfer to Banking Reserve Fund	-	-	-	-	472,967	-	(472,967)	-
Balance at 30 June 2012	6,465,731	(3,388)	3,045,849	4,804,724	6,512,634	14,013,657	29,301,396	64,140,603

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Nine months ended 30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	30 June 2012 \$'000	30 June 2011 \$'000
Cash Flows from Operating Activities		
Net profit	7,360,364	9,268,977
Changes in operating assets and liabilities	6,895,477	(2,378,773)
Other adjustments to reconcile net profit	514,432	711,931
Net cash provided by operating activities	<u>14,770,273</u>	<u>7,602,135</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,007,623)	(327,831)
Acquisition of intangible asset - computer software	(334,141)	(276,808)
Proceeds from disposal of property, plant and equipment	4,274	26,368
Purchases of investment securities	(197,031,817)	(247,535,278)
Sales/maturities of investment securities	185,678,129	236,767,392
Dividends received from associate	146,761	41,948
Net cash used in investing activities	<u>(12,544,417)</u>	<u>(11,304,209)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(11,045,482)	(4,538,017)
Proceeds from other borrowed funds	797,594	269,760
Repayments of other borrowed funds	(2,646,747)	(2,012,683)
Dividends paid	(2,288,974)	(2,658,165)
Net cash used in financing activities	<u>(15,183,609)</u>	<u>(8,939,105)</u>
Effect of exchange rate changes on cash and cash equivalents	1,105,912	45,666
Net decrease in cash and cash equivalents	<u>(11,851,841)</u>	<u>(12,595,513)</u>
Cash and cash equivalents at beginning of period	38,423,142	40,727,035
Cash and cash equivalents at end of period	<u>26,571,301</u>	<u>28,131,522</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica	5,325,757	2,802,553
Due from other banks	22,581,176	18,598,206
Investment securities	9,997,347	13,767,472
Due to other banks	(11,332,979)	(7,036,709)
	<u>26,571,301</u>	<u>28,131,522</u>

	Consumer & SME			Treasury & Correspondent Banking	Wealth Management	Insurance &			Eliminations	Consolidated
	Retail & SME	Payment Services	Corporate Banking			Pension Fund Management	Other			
	\$'000	\$'000	\$'000			\$'000	\$'000	\$'000		
External revenue	8,782,259	4,149,686	2,747,665	6,388,752	6,794,136	4,670,316	150,706	-	33,683,520	
Revenue from other segments	2,268,421	-	-	780,022	410,679	52,848	141,814	(3,653,784)	-	
Total revenue	11,050,680	4,149,686	2,747,665	7,168,774	7,204,815	4,723,164	292,520	(3,653,784)	33,683,520	
Interest income	8,587,286	1,532,579	2,377,389	5,628,739	5,802,633	2,145,260	26,954	(3,308,184)	22,792,656	
Interest expense	(1,134,041)	(414,877)	(841,844)	(3,624,618)	(2,948,259)	(781,185)	(1,237)	3,308,184	(6,437,877)	
Net interest income	7,453,245	1,117,702	1,535,545	2,004,121	2,854,374	1,364,075	25,717	-	16,354,779	
Net fee and commission income	2,288,142	1,742,457	347,009	129,019	139,165	655,514	156,508	(148,647)	5,309,167	
Gain on foreign currency and investment activities	97,975	6,264	18,453	1,381,929	1,222,367	459,999	(18,632)	(40,391)	3,127,964	
Premium income	-	-	-	-	-	1,452,666	-	(22,701)	1,429,965	
Other income	47,903	4,414	2,985	169,705	41,791	13,398	32,222	(186,021)	126,397	
Total operating income	9,887,265	2,870,837	1,903,992	3,684,774	4,257,697	3,945,652	195,815	(397,760)	26,348,272	
Staff costs	3,579,279	154,891	167,504	118,900	342,063	397,405	119,280	(21,886)	4,857,436	
Provision for credit losses	490,948	285,040	1,025,158	-	-	-	-	-	1,801,146	
Depreciation and amortisation	101,054	46,487	3,866	57,825	3,765	26,822	21,496	-	261,315	
Impairment losses on securities	-	-	-	-	314,000	-	-	-	314,000	
Other operating expenses	1,621,325	513,603	203,077	274,870	397,053	1,466,789	238,245	(188,726)	4,526,236	
Total operating expense	5,792,606	1,000,021	1,399,605	451,595	1,056,881	1,891,016	379,021	(210,612)	11,760,133	
Operating profit before allocated costs	4,094,659	1,870,816	504,387	3,233,179	3,200,816	2,054,636	(183,206)	(187,148)	14,588,139	
Allocated costs	(3,255,246)	(429,436)	(326,964)	(288,071)	-	-	-	-	(4,299,717)	
Operating profit	839,413	1,441,380	177,423	2,945,108	3,200,816	2,054,636	(183,206)	(187,148)	10,288,422	
Unallocated corporate expenses									(1,090,972)	
Dilution of share in associate									(67,618)	
Share of profit in associates									481,256	
Profit before taxation									9,611,088	
Taxation									(2,250,724)	
Net Profit									7,360,364	
Segment assets	140,218,629	8,522,785	44,021,723	126,492,470	108,971,380	33,701,477	1,110,823	(92,651,644)	370,387,643	
Associates									5,774,914	
Unallocated assets									3,265,511	
Total assets									379,428,068	
Segment liabilities	126,109,582	6,684,026	38,355,350	113,126,445	93,149,831	25,085,339	185,749	(90,166,812)	312,529,510	
Unallocated liabilities									2,757,955	
Total liabilities									315,287,465	
Capital expenditure	962,010	144,463	26,085	95,605	44,410	51,752	17,439	-	1,341,764	

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended 30 June 2011

	Consumer & SME				Insurance &					Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Pension Fund Management	Other	Eliminations		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
External revenue	7,246,455	3,673,841	3,111,004	7,300,478	6,789,033	5,648,500	150,902	-	33,920,213	
Revenue from other segments	2,782,261	2,848	8,326	758,300	251,283	35,204	170,070	(4,008,292)	-	
Total revenue	10,028,716	3,676,689	3,119,330	8,058,778	7,040,316	5,683,704	320,972	(4,008,292)	33,920,213	
Interest income	7,953,293	1,284,104	2,697,138	6,332,621	6,140,021	2,058,148	28,211	(3,726,892)	22,766,644	
Interest expense	(1,348,336)	(343,396)	(1,014,030)	(4,041,669)	(3,029,456)	(848,926)	(424)	3,726,892	(6,899,345)	
Net interest income	6,604,957	940,708	1,683,108	2,290,952	3,110,565	1,209,222	27,787	-	15,867,299	
Net fee and commission income	1,906,484	1,572,875	399,814	118,407	109,668	552,975	145,752	(86,455)	4,719,520	
Gain on foreign currency and investment activities	94,457	5,592	20,911	1,559,139	779,654	319,402	40,156	3,623	2,822,934	
Premium income	-	-	-	-	-	2,740,519	-	(23,299)	2,717,220	
Other operating income	50,464	3,759	2,053	35,359	23,289	12,660	27,256	(96,690)	58,150	
Total operating income	8,656,362	2,522,934	2,105,886	4,003,857	4,023,176	4,834,778	240,951	(202,821)	26,185,123	
Staff costs	3,016,807	199,921	174,203	101,960	318,459	328,508	93,460	-	4,233,318	
Provision for credit losses	278,578	309,481	(19,120)	-	-	-	-	-	568,939	
Depreciation and amortisation	102,856	45,469	4,040	3,830	7,421	41,219	16,638	-	221,473	
Other operating expenses	1,446,899	367,932	116,948	178,611	368,526	2,724,833	214,417	(164,496)	5,253,670	
Total operating expenses	4,845,140	922,803	276,071	284,401	694,406	3,094,560	324,515	(164,496)	10,277,400	
Operating profit before allocated cost	3,811,222	1,600,131	1,829,815	3,719,456	3,328,771	1,740,218	(83,564)	(38,325)	15,907,724	
Allocated costs	(2,678,683)	(357,434)	(226,190)	(183,070)	-	-	-	-	(3,445,377)	
Operating profit	1,132,539	1,242,697	1,603,625	3,536,386	3,328,771	1,740,218	(83,564)	(38,325)	12,462,347	
Unallocated Corporate Expenses									(794,805)	
Share of profit of associate									205,665	
Profit before taxation									11,873,207	
Taxation									(2,604,230)	
Net Profit									9,268,977	
Segment assets	126,998,240	7,456,813	44,019,678	128,417,849	97,268,715	31,550,536	1,049,902	(94,334,300)	342,427,433	
Associates									2,484,440	
Unallocated assets									2,999,567	
Total assets									347,911,440	
Segment liabilities	116,768,375	6,858,373	33,548,516	116,144,257	82,726,525	23,597,884	154,378	(92,049,495)	287,748,813	
Unallocated liabilities									1,572,266	
Total liabilities									289,321,079	
Capital expenditure	345,360	62,472	12,964	101,423	22,550	30,753	29,117	-	604,639	

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

30 June 2012

(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 51.71% 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, and NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom.

The Group's associates are as follows:

	Principal Activities	Percentage ownership by Group	
		30 June 2012	30 September 2011
Kingston Wharves Limited	Wharf operations and stevedoring	32.59	43.45
Jamaica Money Market Brokers Limited	Securities dealer and stock brokerage services	29.30	29.30
Kingston Properties Limited	Ownership of real estate properties	25.17	25.17
Dyoll Group Limited	In liquidation	44.47	44.47

On 29 March 2012, an Extraordinary General Meeting was held by Kingston Wharves Limited and an ordinary resolution was passed resulting in an increase in the company's issued share capital by 357,550,000 ordinary shares. The Group's percentage ownership in Kingston Wharves Limited has therefore been diluted to 32.59% from 43.45%.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 June 2012 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 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.

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

30 June 2012

(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.
- 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.

4. Investment in associates

As stated in the notes to the audited financial statements for the year ended 30 September 2011, the share of net assets acquired in Jamaica Money Market Brokers Limited was determined provisionally based on the 30 June 2011 interim financial statements for that entity. As required by IFRS, within a year of the date of acquisition, the Group shall retrospectively adjust the provisional amounts recognised to reflect new information obtained that existed as of the acquisition date that would have affected the measurement of the amounts recognised as of that date. The Group is currently in the process of finalising the valuation of the intangible assets and determining the fair values of certain other assets that were provisionally recognised. Based on the information so far obtained, the Group is expecting an increase in the value of identifiable net assets as at the acquisition date. So far we have completed the valuation of the intangible assets and the expectation is that the additional gain on acquisition net of amounts amortised is expected to be approximately \$800 million. The effect of this increased value of net assets will be recognised retrospectively in the quarter and the year ended 30 September 2011.

We intend to reflect the effect of the final determination of the amounts that were recognised provisionally when we issue our results for the quarter and the year ended 30 September 2012.

5. Obligation under securitisation arrangements

During April 2012 the Bank repaid all the outstanding certificates totaling US\$83,117,000 under the credit card and cash advance securitisation arrangement. The final payment date had been scheduled for April 2013.

As at 30 June 2012 the amount outstanding under the securitisation arrangement relates to Diversified Payment Rights.

6. Contingent liability

In 2009, one of the Bank’s subsidiaries received income tax assessments in respect of the years 2003 and 2007 from the Commissioner, Taxpayer Audit & Assessment Department (TAAD), for additional income taxes totaling \$2.7 billion. Subsequent to the receipt of the assessment and after discussions and clarifications, the TAAD indicated that it would reverse the additional assessment, with the exception of \$585 million which would remain. On this basis, tax assessment of \$585 million was disclosed in the financial statements for the year ended 30 September 2009. During 2010, the TAAD amended its position on the proposed reversal of the additional assessments. The subsidiary has objected to the assessments and discussions with the TAAD continue. No provision has been made in the financial statements as the Group’s management and advisors are of the opinion that there is no proper basis in law for the assessments and they ought to be discharged.

7. Subsequent event

On 5 July 2012 the Bank and NCB Capital Markets Limited (“NCBCM”) approved the acquisition of 96.24% of Advantage General Insurance Company Limited (“AGIC”) by NCBCM, subject to further due diligence and regulatory approvals. The principal activity of AGIC is the underwriting of general insurance business.

The Bank, NCBCM and AGIC are controlled by the same shareholder.