Annual Report **2015**

Reimagined, Redefined:

BANK OF THE FUTURE

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

Vis

To be the premier Caribbean financial institution delivering superior products and services to satisfy

ion

the needs of our customers, while developing our employees and building the communities we serve.

Bra

Innovation

At NCB, we are constantly striving to improve the financial solutions we offer, in order to meet the changing needs of our customers. We also drive innovation in our operations by using technology as a key enabler of greater efficiency and better service delivery.

Pil

nd

Expertise

NCB professionals possess expert knowledge in their respective areas of our business. Equally important, we foster superior customer relationship management skills that engender trust and loyalty with those we serve.

lars

Strength

Sound and prudent management are hallmarks of sustainability for NCB. We carry out our business within a framework that observes proper ethical, regulatory and financial practices, while embracing our role as a responsible corporate citizen.

Cor

We hold a deep and abiding respect for each customer, every colleague in our companies, and all our shareholders.

We commit to find new, practical and innovative ways to make the term “excellent service” more relevant to each customer – every day.

Valu

e

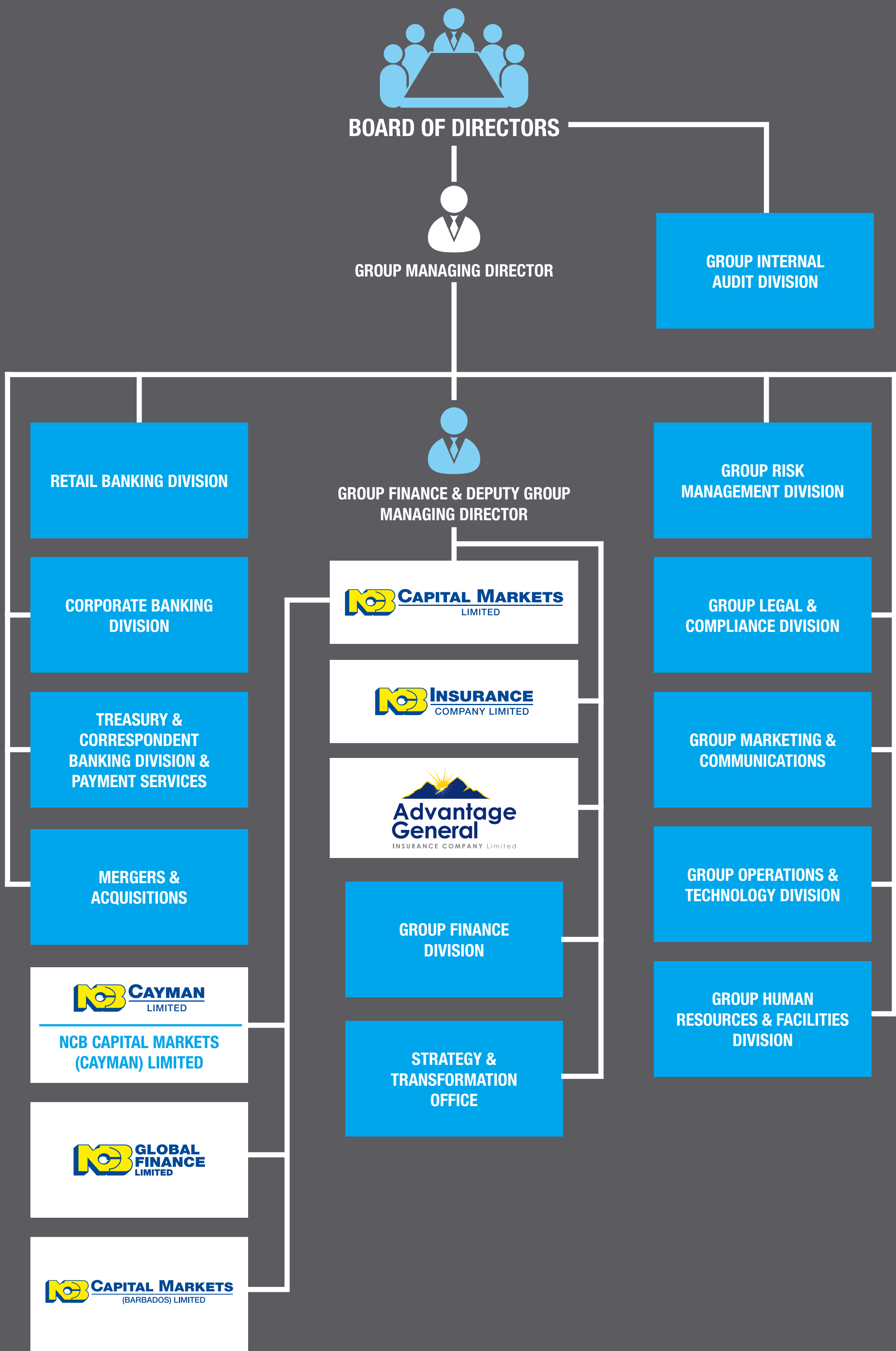
We commit to the relentless renewal of our enterprise through the constant training of our people at all levels.

In our merit-based culture, individual reward and recognition will be a result of measured performance.

We treat all competitors as noble, but we will compete fairly and vigorously to win.

ues

Group Organisation Chart



Strategic Focus

Our focus for the financial year will remain
on our four (4) organic growth pillars

Sales and Service Effectiveness

Lending Expansion

Payments Innovation

Efficiency Optimisation

We will also continue to aggressively pursue our regional expansion agenda, while integrating recent acquisitions.

To support our organic and inorganic initiatives, we will be focused on three cross-cutting and reinforcing themes:

- People Development and Engagement
- Customer Experience
- Digitisation

Contents

25
We are confident in our long-term growth strategy and remain focused and highly disciplined about our vision

You are our champions
15
#ExcellenceJA

For more information, visit www.jncb.com

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of National Commercial Bank Jamaica Limited will be held at the **Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5** in the parish of Saint Andrew on **Thursday, February 25, 2016** at **3:00 p.m.** to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. **Audited Accounts**

   "**THAT** the Audited Accounts for the year ended September 30, 2015 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **Declaration of Dividend**

   "**THAT** the interim dividends per stock unit of $0.45 paid in February 2015, $0.45 paid in May 2015 and $0.45 paid in August 2015, and $0.85 paid in December 2015 be treated on the recommendation of the Directors as the final dividend for the financial year ended September 30, 2015."

3. **Election of Directors**

   a) **Article 95** of the Company's Articles of Incorporation provides that one-third of the Board (except the Managing Director and Group Finance & Deputy Managing Director) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are **Hon. Michael Lee-Chin, OJ**, **Hon. Noel Arthur Anthony Hylton, OJ**, and **Professor Alvin George Wint, CD**, being eligible, offer themselves for re-election.

   The proposed resolutions are therefore as follows:

   (i) "**THAT** Director, **MR MICHAEL LEE-CHIN**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

   (ii) "**THAT** Director, **MR NOEL ARTHUR ANTHONY HYLTON**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

   (iii) "**THAT** Director, **PROFESSOR ALVIN GEORGE WINT**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

b) **MR OLIVER MITCHELL Jr** was appointed Director of the Company on August 13, 2015. **Under Article 103** of the Company's Articles of Incorporation his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

The proposed resolutions are therefore as follows:

"**THAT** Director, **MR OLIVER MITCHELL Jr**, retiring pursuant to Article 103 of the Articles of Incorporation be and is hereby re-elected."

4. Directors' Remuneration

a) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

b) "**THAT** the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2016, BE AND IS HEREBY fixed at $23,000,000, which remuneration may include such share incentive scheme for directors as may be determined by the Board.

5. Appointment of Auditors and their Remuneration

"**THAT** PricewaterhouseCoopers, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

6. Resolutions in respect of any other business which can be transacted at an Annual General Meeting.

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his/her stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica, not less than **48 hours** before the time appointed for the Meeting. The Proxy Form should bear stamp duty of **$100.00**, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this 18th day of **December 2015**

BY ORDER OF THE BOARD

DAVE L. GARCIA
COMPANY SECRETARY

Our Business in Brief

Over one hundred and seventy-eight years since we first offered banking services, the driving mandate of the National Commercial Bank Jamaica Limited (NCB) remains constant in playing a crucial role in the development of our stakeholders and our market.

NCB has served generations of Jamaicans with financial services which have transformed and added value to their lives. We desire, consistently, to exceed client expectations.

With a rear-view perspective, the banking operation has evolved from the shuffle of the paper-based ledger of the past to a digitised yet strongly secure operation that yet retains the personal touch.

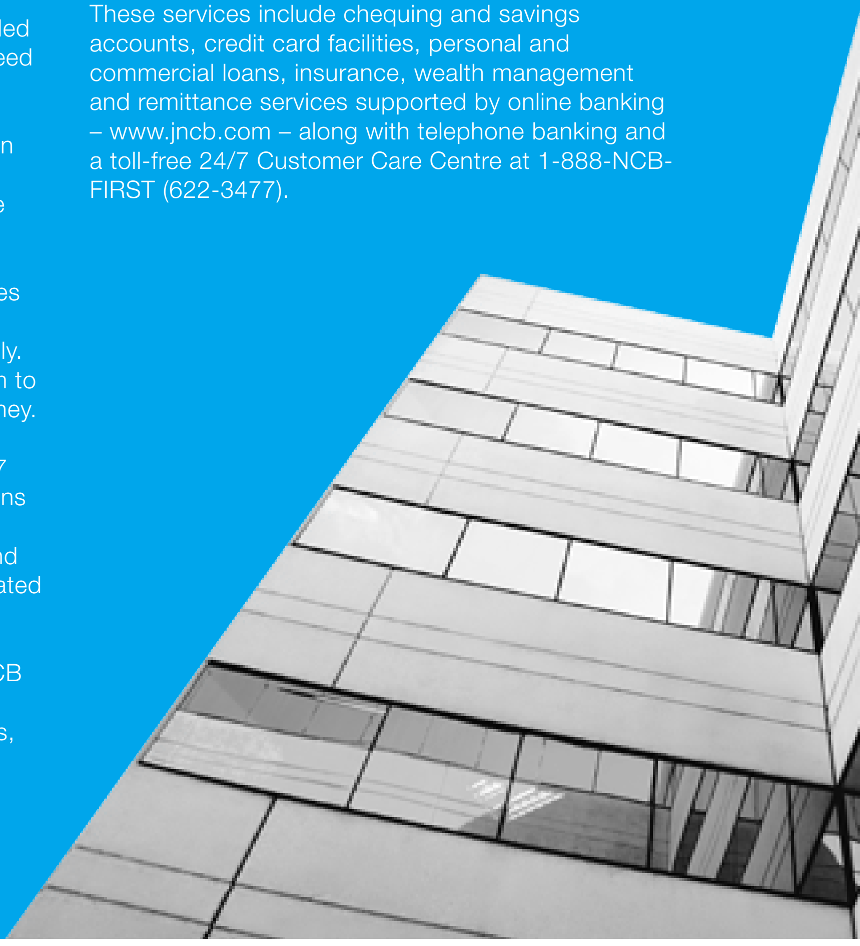
Our aim remains that of providing seamless services which can not only compete with but also exceed the best of those available internationally and locally. Through our commitment to efficiency, we also aim to offer each valued customer excellent value for money.

The growth of our organisation dates back to 1837 when the Colonial Bank of London began operations on Harbour Street, Kingston. Through a series of organisational changes, NCB emerged in 1977, and today is truly proud to be a strong Jamaican-operated financial institution.

As the largest home-grown financial institution, NCB has remained a market leader in the industry and continues to meet the needs of individuals, families, entrepreneurs, professionals and companies.

Through our relevant product offerings and network of 35 locations as well as over 245 ABMs island-wide, NCB offers a wealth of financial services that enable our customers to meet all their financial goals at their various stages of life.

These services include chequing and savings accounts, credit card facilities, personal and commercial loans, insurance, wealth management and remittance services supported by online banking – www.jncb.com – along with telephone banking and a toll-free 24/7 Customer Care Centre at 1-888-NCB-FIRST (622-3477).



The NCB Group of Companies also continues to provide customers with end-to-end unique product offerings available through our diversified business model accessible via:

CAPITAL MARKETS LIMITED

NCB Capital Markets Limited is the wealth and asset management arm of the NCB Group, offering securities and stock brokerage services. Through NCB Capital Markets (Cayman) Limited and NCB Global Finance Limited, similar services are offered from the Cayman Islands and Trinidad and Tobago, respectively.

INSURANCE COMPANY LIMITED

NCB Insurance Company Limited offers solutions to meet the insurance, long-term life investment, and pension needs of individuals and group clients.

Advantage General INSURANCE COMPANY Limited

Advantage General Insurance Company Limited is wholly owned by NCB Capital Markets Limited and is the island's largest general insurance company.

GLOBAL FINANCE LIMITED

Formerly AIC Limited, NCB Global Finance Limited, located in Trinidad and Tobago, is a subsidiary of NCB Capital Markets Limited (Formally AIC Finance Ltd.).

CAPITAL MARKETS (CAYMAN) LIMITED

NCB (Cayman) Limited provides banking and trust services from the Cayman Islands.

NCB UK Representative Office & NCB Remittance Services (UK) Limited

The combined entity is the only overseas-based arm of the Retail Banking business and concentrates on the remittance of pensions and the provision of administrative support to NCB customers living in the UK.

FOUNDATION

N.C.B Foundation is the philanthropic arm of the Group. NCB continues to demonstrated its commitment to nation building through its focus on education, community development and youth leadership and entrepreneurship.

Business Highlights

OUR EMPLOYEES **01 LONG SERVICE AWARDS:** NCB recognised over 270 of its tenured employees who gave a combined service of over 4,500 years to the organisation. Giana Murray, 10 year awardee, proudly accepts her certificate from Mukisa Ricketts, Chief Internal Auditor. **02 PENSIONERS' LUNCHEON:** NCB recognises the legacy of its Pensioners and each year during the festive season takes the opportunity to celebrate them. (L-r) Arlene Irons is surprised with a token from the Pensioners' Association, presented by Claudette Stephen, for her invaluable contributions. **03 SIGMA CORPORATE RUN:** NCB employees actively support social and health initiatives. This year with a team in excess of 400 persons, staff members participated in the Sigma Corporate 5k Run and received the participation award for largest company team. **04 DIAMOND CLUB:** The elite Diamond Club celebrates excellence by recognizing and rewarding persons across the Group, who consistently meet and exceed sales performance standards. Launched in 2014, twenty-eight persons were inducted into the club. Inductees (L-r front row) – Shakerah Edwards, Stacy McGregor-Hall, and Melione Hanson (L-r back row) Christopher Hall and Rohan Ramsay are joined by Dennis Cohen, Group Finance and Deputy Managing Director (front left) and Patrick Hylton, Group Managing Director (back right). **05 GUARDIAN 5K RUN:** In the true spirit of volunteerism, staff members eagerly participated in the Keep it Alive, Guardian Night

01

02

03

Performance Highlights 2015

523.8

Assets
($ billions)

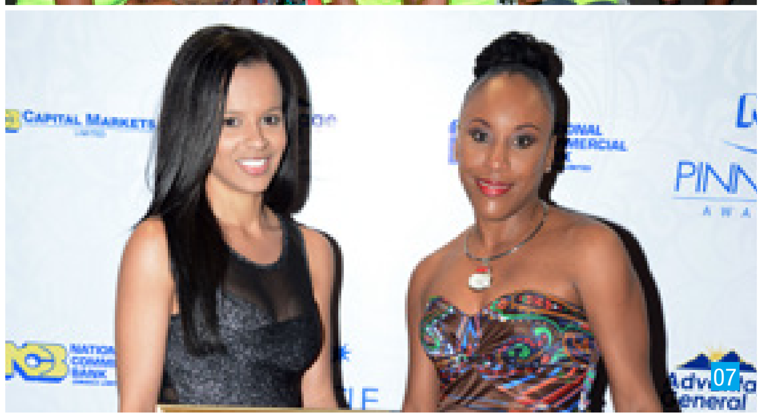
[1/3]

Run, the proceeds of which were donated to the UHWI and the Cornwall Regional Hospital. 06 **MOBAY CITY RUN:** NCB staff members were in high spirits to participate in the MoBay City Run, a charity run/walk used to raise proceeds to provide funding and scholarships to needy tertiary students from western Jamaica. 07 **PINNACLE AWARDS:** The Pinnacle Awards honours staff across the NCB Group who have demonstrated exceptional performance in sales, service and support functions. (L –r) Alana Scott, Client Relations Officer and Kareen Baker, Wealth Advisor, show off their 2nd place awards. 08 **EGM:** The Employees General Meeting is an annual forum where staff members are engaged and share in the organisation's strategies and are also given the opportunity to share their ideas about the initiatives. Team members celebrate their victory having won the video competition for the best interpretation of an "Employee of the Future". 09 **TOWN HALL MEETING:** The Group Managing Director's Town Hall Meetings facilitate open dialogue between the head of the organisation and staff members across all levels. Belinda Williams presents a token to Navar Blair who was able to correctly respond to questions relating to the state of the business.

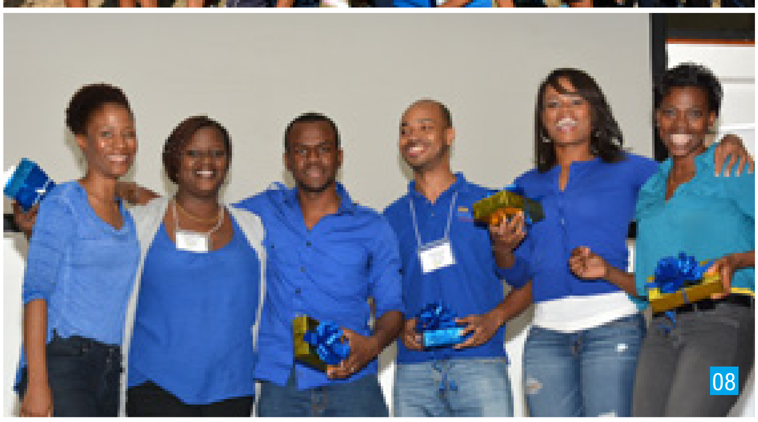

04

05


06



07


08

09

165.4	88.4	23.3	34.7	227.9
Net Loans ($ billions)	Equity ($ billions)	Unit Trust Portfolios (NCBCM) ($ billions)	Liabilities Under Annuity and Insurance Contracts (NCBIC & AGIC) ($ billions)	Customer Deposits ($ billions)

Business Highlights

#ExcellenceJA: As part of NCB's nation building strategy through education and sports and to establish NCB as the financial institution of choice among the youth segment, NCB launched its #ExcellenceJA campaign with the signing of Brand Ambassadors - Elaine Thompson, Julian Forte and Jhaneile Fowler-Reid. Multiple activities were undertaken to launch this campaign. 01 **STAFF MEMBERS** of NCB Retail Banking Division. 02 **BRAND AMBASSADORS** - Elaine Thompson and Julian Forte. 03 **BRAND AMBASSADORS** - Jhaneile Fowler-Reid. **OUR CUSTOMERS \\ SMEs:** 04 **NATION BUILDER AWARDS 2015:** Eleven SMEs in the categories of Innovation, Young Entrepreneurs and Nation Builder were recognised at our recent Nation Builder Awards. Tryall Golf and Beach Club emerged as the Nation Builder for 2015. The Club's Operations Manager, Robert Headley accepts the award from NCB Group Managing Director, Patrick Hylton. 05 **NCB CAPITAL QUEST:** The first series of our Capital Quest TV series saw seven small to medium sized enterprises (SMEs) competing for up to $50M in private equity investment. The Vein Centres of Jamaica and The Stationery Place both emerged as winners, each receiving $25M in equity investments. 06 **ACTIONCOACH:** The ActionCoach seminar is a value added programme for SMEs and

01

02

03

Performance Highlights 2015

Operating Income
($ billions)

exposes them to new thoughts and ideas on how to grow their businesses by increasing sales and customer base. Participants pose for a photo after the day's activities. **07 NCB SME CONFERENCE 2015:** Over 150 SMEs attended the second staging of NCB's SME Conference which brought together, in workshop and training, local and international business leaders who shared their experiences and expertise with the participants. Participants take copious notes during the session. **08 JBDC:** NCB partnered with the JBDC in the execution of a series of mobile business clinics across the island. The primary aim of the initiative is to strengthen the capacity and capability of MSMEs. Audrey Tugwell Henry, Senior General Manager, Retail Banking Division, makes a presentation at the launch of the initiative. **09 MERCHANT FRAUD:** Annually, a series of Merchant Fraud Seminars are held to equip our Merchants with the tools and skills to combat credit card fraud. Kirk Prendergast, Product and Portfolio Manager, Payment Services Unit presents an award to Charmaine Campbell, Big M Hardware for having the second lowest fraud to sales ratio at the Negril staging of the event.


04

05


06


07

08

09

61.2	12.3	5.00	2.31	280
Gross Income ($ billions)	Net Profit ($ billions)	Earnings Per Stock Unit ($)	Dividends Paid Per Stock Unit ($)	Automated Banking Machines & Financial Kiosks

Business Highlights

OUR CUSTOMERS: 01 **NCB BANKING & FINANCIAL SERVICES CENTRE - DAY 1**, a two-storey ultra-modern 20,700 square feet office located at 124-126 Constant Spring Road, opened its doors in August 2015. On the first day of operations, Patrick Hylton, Group Managing Director, was on hand to welcome the first set of customers to the office. 02 **CONSTANT SPRING:** (L-r) Hon. Michael Lee-Chin, NCB Chairman, officially opens the Banking and Financial Services Centre. Looking on are Empress Golding, Patrick Hylton, NCB Group Managing Director and Audrey Tugwell Henry, Senior General Manager, Retail Banking Division. 03 **INNOVATION LAB:** Against our commitment to providing world class innovation to stakeholders, we launched the first banking Innovation Lab in Jamaica. Attendees at the official launch participate in a demonstration by technology partners, IBM. 04 **SOLAR PANEL:** As part of NCB's energy consumption reduction strategies, we designed and installed two photovoltaic systems (PV) at two locations - Constant Spring Road and 29 Trafalgar Road. (L-r) Rickert Allen, Senior General Manager, Group Human Resources and Facilities Division shows off the new infrastructure to Minister Julian Robinson, Ministry of Science, Technology, Energy and Mining. Looking on is Andrew Anderson, Reliability Engineer, Group Human Resources and Facilities Division. 05 **NCBCM CALL-A-THON:** Members of the NCB Capital Markets' Call-a-thon Team pause for a quick photo before making calls to their customers to discuss additional investment opportunities. 06 **LUCEA FINANCIAL FORUM:** "Wealth, Wisdom and Wine" – a Financial Forum & Cocktails was hosted at the Lucea Parish Church Hall. The forum gave us the opportunity to discuss with current and potential customers, NCB's solutions to helping them Put Their Best Lives Forward.

01

02

05

08

09

Performance Highlights 2015

Point Of Sale Terminals

[3/3]

Marva Peynado, Senior Assistant General Manager, Retail Banking Division, welcomes Donovan Hamilton to the event. Looking on is Kelvin Hall, Branch Manager, Lucea. 07 **CBD MINGLE:** The Corporate Banking Division hosted a series of Client Mingles to further network with their customers. Brian Boothe, General Manger, Corporate Banking Division (middle) and Peter Higgins, Assistant General Manager, Treasury Correspondent & Banking Division (right) share a laugh with Sergio Gonzales. 08 **NCBIC CORPORATE MINGLE:** To build and maintain key relations, NCBIC hosted a signature event to fete their trustees, brokers and a few of their retail clients. (L-r) Ramon Pitter, Vice-President, Investment Banking, NCB Capital Markets Ltd. and Christopher Vendryes, Sales Manager, NCB Insurance Company Ltd. have a chat with client, Aswad Morgan. 09 **NCBIC PENSION CONFERENCE:** NCBIC Pensions Conference focused on providing key insights about pensions and investments in the pension sphere, real estate investments and corporate structuring. 10 **NCBCM SPORTING CLAYS:** NCB Capital Markets Limited hosted its Sporting Clays Tournament which featured some of the top shooters across the island. Steven Gooden, Chief Executive Officer, NCB Capital Markets Limited presents the top award to Christian Sasso, winner of this year's tournament. 11 **PSOJ BREAKFAST:** NCB continued its partnership with the Private Sector Organisation of Jamaica (PSOJ) for the staging of its President's Forum. (L-r) Dennis Cohen, Group Finance and Deputy Managing Director and Vice President, PSOJ engages in conversation with Gary 'Butch' Hendrickson, Chief Executive Officer and Chairman, National Baking Company and Vice President, PSOJ.


03


04


06


07


10

11

35.9
Book Value per Share
($)

16.88
Equity To Total Assets Ratio
(%)

8.4
Dividend Yield
(%)

72.59
Net Loans To Customer Deposits
(%)

53.77
Loan Income To Interest Income
(%)

10 Year Financial Statistical Review

	2015	2014 * Restated	2013 * Restated	2012
Consolidated Income Statement Summary (J$'000)				
Net profit	**12,301,790**	12,327,120	8,578,858	10,045,862
Gross operating income	**61,183,893**	57,422,834	48,941,802	44,425,230
Operating income	**47,472,915**	43,253,649	37,965,583	34,546,949
Net interest income	**25,964,030**	24,660,667	23,558,986	21,784,090
Non-interest income	**21,508,885**	18,592,982	14,406,597	12,762,859
Operating expenses	**31,471,734**	29,336,942	27,775,657	22,366,253
Staff costs	**11,942,482**	11,523,930	11,226,597	9,755,916
Provision for credit losses	**1,799,158**	2,226,949	2,066,260	2,462,811
Depreciation and amortisation	**1,563,551**	1,247,403	1,209,971	812,512
Taxation expenses	**4,082,309**	3,142,766	2,472,246	3,070,027
Consolidated Statement of Financial Position Summary (J$'000)				
Total assets	**523,815,161**	499,345,092	446,575,055	379,435,519
Loans and advances, net of provision for credit losses	**165,404,606**	157,630,000	141,150,312	111,904,854
Investment securities	**275,987,700**	264,170,757	234,437,453	210,653,557
Statutory reserves with Central Banks	**23,247,218**	22,833,217	20,392,153	17,727,899
Customer deposits	**227,850,985**	202,162,392	178,411,021	162,930,350
Liabilities under annuity and insurance contracts	**34,689,274**	34,230,910	33,914,506	25,194,324
Repurchase agreements	**100,004,008**	134,690,626	117,377,395	101,890,449
Obligations under securitisation arrangements	**44,292,064**	13,885,577	10,101,032	2,593,201
Equity	**88,394,211**	81,846,383	72,516,720	65,895,952
Statutory capital base (NCB Jamaica) (1)	**33,788,365**	32,408,365	31,029,022	26,992,022
Profitability Ratios (%)				
Return on average equity (2)	**14.45%**	15.97%	12.40%	15.71%
Return on average total assets (3)	**2.40%**	2.61%	2.08%	2.72%
Non-interest income to operating income	**45.31%**	42.99%	37.95%	36.94%
Effective tax rate (4)	**24.92%**	20.32%	22.37%	23.41%
Cost to income ratio (5)	**62.34%**	62.21%	67.49%	56.26%
Per Stock Unit Information (J$)				
Earnings per stock unit (6)	**$5.00**	$5.01	$3.49	$4.08
Dividends paid per stock unit	**$2.31**	$1.18	$1.11	$1.10
Book value per stock unit	**$35.91**	$33.25	$29.46	$26.77
Share price at September 30 - Jamaica Stock Exchange (JSE)	**$ 27.52**	$ 17.94	$ 19.00	$ 21.90
Share price at September 30 - Trinidad & Tobago Stock Exchange (TTSE)	**TT$1.63**	TT$1.00	TT$1.13	TT$1.60
Price earnings ratio	**5.50**	3.59	5.46	5.37

* Restated to conform to the 2015 financial statements presentation format.

(1) Statutory capital base is calculated as the sum of share capital, retained earnings reserve and banking reserve, for the Bank on a stand-alone basis.

(2) Return on average equity is calculated as net profit divided by average equity (equity at the end of the financial year plus equity at the end of the prior financial year, divided by two).

(3) Return on average total assets is calculated as net profit divided by average total assets (total assets at the end of the financial year plus total assets at the end of the prior financial year, divided by two).

2011	2010	2009	2008	2007	2006
13,885,301	11,074,798	10,248,185	8,701,173	6,601,426	5,486,625
44,791,704	43,023,151	44,868,803	39,255,256	33,752,955	30,004,702
34,672,196	29,423,355	27,272,322	24,806,110	20,551,579	17,976,953
21,150,860	20,649,643	18,879,974	15,826,304	12,796,777	11,778,136
13,521,336	8,773,712	8,392,348	9,084,754	7,754,802	6,198,817
19,184,458	16,135,955	14,100,596	14,162,202	12,128,301	11,164,384
9,240,116	9,252,662	7,989,772	7,281,304	6,987,550	5,955,835
768,881	947,962	1,027,634	468,287	277,603	155,786
580,132	528,333	593,538	725,936	889,246	1,028,085
3,704,793	2,413,315	2,885,450	2,072,836	1,992,418	1,443,929
359,618,113	334,970,011	315,096,477	291,153,397	254,183,354	223,138,804
91,728,138	85,995,102	88,178,270	82,169,396	56,525,564	42,219,840
204,748,127	200,132,984	167,718,957	154,571,682	142,955,539	123,765,437
16,068,630	15,084,579	16,181,485	11,724,910	10,314,256	9,018,775
155,800,401	144,283,158	130,331,351	126,099,896	118,518,051	99,026,503
23,564,275	20,405,624	19,114,764	16,533,984	14,487,602	12,010,182
84,075,103	85,292,763	77,374,431	69,619,957	51,305,167	50,344,707
14,378,119	20,456,162	27,157,180	26,259,740	26,409,833	21,398,964
61,977,264	48,807,933	41,015,946	31,312,662	28,554,026	24,589,987
23,881,159	20,541,698	19,703,594	19,004,492	13,592,492	12,948,492
25.07%	24.66%	28.34%	29.07%	24.84%	23.96%
4.00%	3.41%	3.38%	3.19%	2.77%	2.65%
39.00%	29.82%	30.77%	36.62%	37.73%	34.48%
21.06%	17.89%	21.97%	19.49%	23.18%	20.83%
52.36%	51.53%	47.93%	50.25%	57.27%	59.88%
$5.64	$4.50	$4.16	$3.54	$2.68	$2.23
$1.36	$1.90	$0.88	$1.14	$0.73	$0.71
$25.18	$19.83	$16.66	$12.72	$11.60	$9.99
$ 27.29	$ 17.51	$ 13.00	$ 20.00	$ 22.40	$ 18.21
TT$2.09	TT$1.50	TT$0.95	TT$1.85	TT$1.95	TT$1.65
4.84	3.89	3.12	5.66	8.35	8.17

(4) Effective tax rate is calculated as taxation expenses divided by profit before taxation.

(5) Cost to income ratio is calculated as staff costs, depreciation, policyholders & annuitants benefits & reserves and other operating expenses divided by total operating income.

(6) Earnings per stock unit is calculated as net profit divided by weighted average shares outstanding for the relevant financial year.

10 Year Financial Statistical Review
CONT'D

	2015	2014 * Restated	2013 * Restated	2012
Per Stock Unit Information (J$) cont'd				
Dividends paid [J$'000]	**5,698,222**	2,910,780	2,738,107	2,713,439
Dividend yield (payment date) [%]	**8.39%**	6.58%	5.84%	5.02%
Dividend payout ratio (payment date) [%]	**46.20%**	23.60%	31.90%	26.96%
Total annual shareholder return [%]	**66.28%**	0.63%	(8.17%)	(15.72%)
Capital Ratios (%)				
Risk-based capital adequacy ratio (NCB Jamaica) (7)	**12.72%**	12.94%	12.58%	12.96%
Capital to risk weighted assets (NCB Capital Markets) (8)	**35.30%**	28.60%	20.90%	26.20%
Solvency ratio (NCB Insurance) (9)	**47.50%**	42.90%	36.30%	34.64%
Minimum capital test (Advantage General Insurance) (10)	**341.00%**	330.48%	251.71%	n/a
Equity to total assets	**16.88%**	16.39%	16.24%	17.37%
Asset Quality Ratios (%)				
Non-performing loans as a percentage of gross loans and advances (11)	**5.05%**	5.37%	4.84%	7.14%
Non-performing loans as a percentage of total assets	**1.63%**	1.74%	1.56%	2.18%
Non-performing loans as a percentage of equity	**9.66%**	10.62%	9.60%	12.55%
Total provision for credit losses as a percentage of non-performing loans	**118.72%**	118.32%	120.13%	113.94%
Total provision for credit losses as a percentage of gross loans and advances	**5.99%**	6.35%	5.82%	8.14%
Consolidated Statement of Financial Position Ratios (%)				
Loans and advances, net of provision for credit losses, as a percentage of total assets	**31.58%**	31.57%	31.61%	29.49%
Investment securities as a percentage of total assets	**52.69%**	52.90%	52.50%	55.52%
Fixed and intangible assets as a percentage of total assets	**2.07%**	1.96%	1.85%	1.68%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	**72.59%**	77.97%	79.12%	68.68%
Liquid assets as a percentage of customer deposits (12)	**44.29%**	37.86%	37.45%	32.32%
Other Statistics				
JSE Index at September 30	**96,294.55**	72,238.36	84,500.20	87,188.38
JSE Index annual movement (Twelve months ended September 30) [%]	**33.30%**	(14.51%)	(3.08%)	(4.95%)
Inflation Rate (Twelve months ended September 30) [%]	**1.81%**	9.03%	10.45%	6.65%
USD foreign exchange rate at September	**118.70**	112.53	103.23	89.72

* Restated to conform to the 2015 financial statements presentation format.

(7) Risk-based capital adequacy ratio (Bank only) is calculated as qualifying capital divided by total risk weighted assets. Qualifying capital is the sum of Tier 1 and Tier 2 capital less prescribed deductions for investment in associated companies and subsidiaries, intangible assets and any accumulated losses in subsidiaries. Under Bank of Jamaica (BOJ) regulations, the overall minimum capital to be maintained in relation to risk weighted assets is 10% for banks. However, BOJ requires us to maintain a risk-weighted capital adequacy ratio of 12.5% due to, among other factors, our status as a systemically important financial institution (SIFI) in Jamaica.

(8) Capital to risk weighted assets (NCB Capital Markets only) is calculated as qualifying capital divided by total risk assessed assets. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to risk assessed assets is 10%.

(9) Solvency ratio (NCB Insurance only) is calculated as stockholders' equity relative to the risks (total liabilities) it faces. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to total liabilities is 10%.

2011	2010	2009	2008	2007	2006
3,354,797	4,686,850	2,170,750	2,812,110	1,800,737	1,751,402
4.98%	10.85%	6.77%	5.70%	3.26%	3.91%
24.11%	42.23%	21.14%	32.24%	27.21%	31.84%
63.62%	49.31%	(30.60%)	(5.62%)	27.02%	5.11%
15.18%	16.30%	14.61%	14.58%	14.33%	17.28%
35.71%	97.82%	60.75%	77.88%	99.86%	
34.73%	27.10%	23.20%	16.20%	14.00%	13.40%
n/a	n/a	n/a	n/a	n/a	n/a
17.23%	14.57%	13.02%	10.75%	11.23%	11.02%
7.16%	3.45%	2.61%	2.34%	2.56%	3.66%
1.87%	0.90%	0.74%	0.67%	0.58%	0.72%
10.87%	6.21%	5.71%	6.25%	5.17%	6.51%
115.91%	136.29%	147.26%	152.88%	150.99%	144.72%
8.29%	4.70%	3.84%	3.57%	3.86%	5.29%
25.51%	25.67%	27.98%	28.22%	22.24%	18.92%
56.93%	59.75%	53.23%	53.09%	56.24%	55.47%
1.45%	1.34%	1.35%	1.41%	1.60%	1.89%
58.88%	59.60%	67.66%	65.16%	47.69%	42.63%
40.91%	42.40%	33.22%	37.56%	32.72%	42.35%
91,731.84	83,613.08	79,928.03	102,018.87	96,299.84	86,195.99
9.71%	4.61%	(21.65%)	5.94%	11.72%	(16.58%)
8.05%	11.28%	7.18%	25.34%	9.01%	6.50%
86.12	86.02	88.87	72.48	70.22	65.97

(10) Minimum Capital Test (MCT) (Advantage General Insurance Company (AGIC) only) is a risk-based formula that compares available capital and surplus to a minimum requirement set by the Financial Services Commission (FSC) in regard to the asset and liability profile of the company. The FSC currently requires a minimum ratio of 200%. AGIC was acquired in February 2013.

(11) Non-performing loans are loans as to which there have been no payments of principal or interest for 90 days or more.

(12) Liquid assets consist of cash in hand and balances at Bank of Jamaica, investment securities with maturities of less than nine months, any assets specially designated as liquid by the Bank of Jamaica and balances due from other banks

“ We continue to **redefine** our business to ensure we deliver the experience and value desired by each stakeholder.

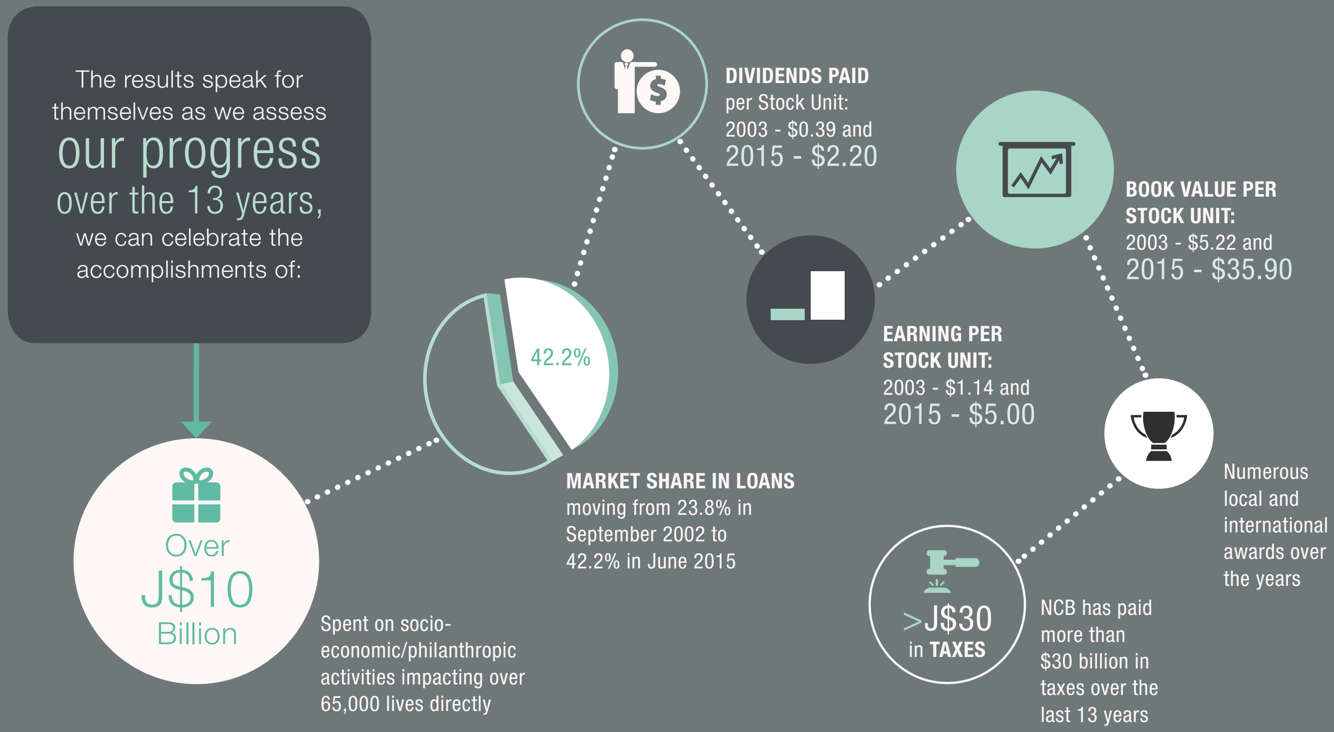
Chairman's Message

Dear Shareholders,

As we close out and report on financial year 2014/2015, I reflect on the journey and performance of National Commercial Bank Jamaica Limited (NCB) under my leadership as your Chairman over the last 13 years. In doing so, I am especially pleased to note our contributions to nation building as well as business achievements and progress to date.

In this reflection, I thank wholeheartedly all our stakeholders – staff, customers, and shareholders for the show of confidence. With your continued support and partnership, NCB has over the years etched a credible track record underpinned by sound performance. Back in 2003, I had made a promise to help re-build NCB and to actively participate in building a better Jamaica. Using a model where we conjoin a business purpose with a social purpose; our focus on institutional and nation building activities have proven beneficial and impacting, resulting in our realizing our goals and boldly raising the bar each year.

My commitment to you is that NCB will be used as a vessel to redefine standards and to show what perseverance, creativity, business confidence, driven by sound practices with a highly developed team can accomplish.



Numerous local and international awards over the years with the latest recognitions being:

WORLD FINANCE
BEST COMMERCIAL BANK, JAMAICA
2015
NATIONAL COMMERCIAL BANK JAMAICA

WORLD FINANCE
BEST RETAIL BANK, JAMAICA
2015
NATIONAL COMMERCIAL BANK JAMAICA

Jamaica Exporters' Association

Best Financial Services Support Award
9th consecutive year 2006-2015

- The Banker: **Bank of the Year 2015**, Jamaica
- World Finance: **Best Pension Fund Caribbean 2015** – NCB Insurance Company Limited
- Global Finance: **Safest Bank Jamaica 2015**
- AMCHAM: **Business & Civic Leadership Award Excellence in Corporate Social Responsibility** Large Organisation Category 2015
- Jamaica Exporters' Association (JEA): **Best Financial Services Support** Award category 9th consecutive year 2006-2015
- Jamaica Stock Exchange Best Practices Awards 2014: **Winner - Member Dealers Revenue Generation** (NCBCM), **Corporate Governance and GG's Award** (joint with Sagicor).**1st runners up for Annual Report** (joint), **Corporate Disclosure** and **website**.

In what has been and still is characterised as a volatile and unpredictable marketplace, we can truly be proud as stakeholders of the impressive number of landmark achievements carried out in the past 12 months and indeed over the last 13 years. More details are set out in the Business Highlights report on pages 15 to 20.

In addition to delivering strong business and social performances in a challenging market, the Board's principal focus remains unwavering as we secure the requisite skills necessary to govern the aspirations we have as an organisation. In August, we announced the appointment of Oliver C. Mitchell, Jr. an attorney, advisor and consultant with over 28 years of experience in executive human resources matters and litigation avoidance issues. Oliver brings to the Board his experience as a trial lawyer, who has tried civil and criminal cases as lead counsel in a variety of state and federal courts and is presently an attorney and consultant in Reading, Pennsylvania. We are pleased to have Oliver join us and are anticipating that he will be a value-added to our seasoned Board as we continue to enhance NCB and work diligently to move always forward.

We are confident in our long-term growth strategy and remain focused and highly disciplined about our vision with a firm emphasis on shareholder value. We continue to redefine our business to ensure we deliver the experience and value desired by each stakeholder. Our standards are high, we are after all in a high performance industry and I commend the leaders and staff of NCB for embracing this concept and being performance driven.

In closing I would like to thank my fellow board members, staff, customers and shareholders for the privilege of chairing this great company and I look forward to your support as partners on a journey to build a better nation. Words from my favourite poem are intended to inspire us, remember

> *"Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. ... And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others."*
>
> —— Marianne Williamson.

Hon. Michael Lee-Chin, O.J.
Chairman

Board of Directors

Our Board of Directors in executing its role applies sound corporate governance which is vital to the activities of National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries (the Group).

FOR MORE INFO - www.jncb.com

Hon. **MICHAEL LEE-CHIN**
OJ, Hon. LL.D., B.Sc.

Chairman

MAIN POSITIONS: Chairman of Portland Holdings Inc.; Chairman and Founding Partner of the Portland Private Equity Fund and the AIC Caribbean Fund; Chairman of the Mandeville Group of companies.

Length Of Directorship: 13 years

PATRICK HYLTON
CD, A.C.I.B., BBA

Group Managing Director

MAIN POSITIONS: Chairman of NCB Capital Markets Limited, NCB Global Finance, Mona School of Business and Management and Harmonisation Limited. Sits on several boards including Massy Holdings Limited, a Trinidad Based conglomerate and the Caribbean Information and Credit Rating Services (CariCRIS). He is a member of the Economic Oversight Committee that monitors the implementation of Jamaica's programme with the International Monetary Fund (IMF).

Length Of Directorship: 12 years

DENNIS COHEN
FCA, FCCA, B.Sc.

Group Finance and Deputy Managing Director

MAIN POSITIONS: Chairman of Advantage General Insurance Company Limited (AGIC) and Mutual Security Insurance Brokers Limited; Director of NCB Capital Markets Limited, NCB Insurance Company Limited, NCB (Cayman) Limited, NCB Global Finance Limited and West Indies Trust Company Limited. Member of the Institute of Chartered Accountants of Jamaica (ICAJ).

Length Of Directorship: 9 years

ROBERT ALMEIDA
B.Comm., CPA, CA

MAIN POSITIONS: Founding Partner of Portland Private Equity - Managing Partner of the AIC Caribbean Fund and Portland Caribbean Fund II. Director, SVP & Portfolio Manager, Portland Investment Counsel Inc. in Canada. Special Achievements: Chartered Accountant with over 25 years of experience as an investor and a business professional. Serves on the Board of the Canadian Council for the Americas.

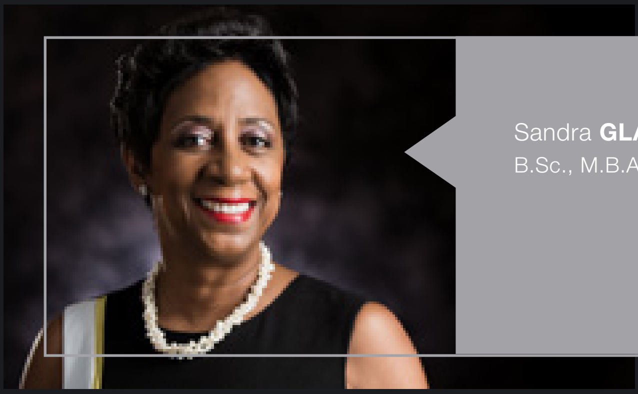
Length Of Directorship: 7 years

Board of Directors CONT'D

WAYNE CHEN
LL.B (Hons)

MAIN POSITIONS: Chairman, CVM Television Limited; President, Caribbean Employers' Confederation; Chairman, NCB Insurance Company Limited and West Indies Trust Company Limited; Director of NCB (Cayman) Limited, AIC (Barbados) Limited. Member, CARICOM Human Resource Development Commission

Length Of Directorship: 13 years



Sandra **GLASGOW**
B.Sc., M.B.A.

MAIN POSITIONS: Founder& Managing Director, BizTactics Limited; Serves a Director on several Boards including Resorts Beach Limited, eMedia Interactive Limited and the National Crime Prevention Fund (Crime Stop). Chairman and Trustee of the SMART Retirement Fund, Trustee of the NCB Pension Funds (1986 and 1999). Founding Member of FirstAngelsJA and Member of the Global Network Council, Eisenhower Fellowships.

Length Of Directorship: 13 years

Sanya M. **GOFFE**
LL.B (Hons)

MAIN POSITIONS: Attorney-at-Law and Partner of the law firm Hart Muirhead Fatta. Called to the Jamaican Bar in 2003.Associate Tutor at the Norman Manley Law School; Member of the Jamaican Bar Association Council, Chairperson of the Publications Committee of the Jamaican Bar Association and Member of the Intellectual Property Committee of the Jamaican Bar Association. Director of the Pension Funds Association of Jamaica and the Jamaica Railway Corporation.

Length Of Directorship: 4 years

Hon. Noel **HYLTON**
O.J., CD, Hon. LL.D., J.P

MAIN POSITIONS: Retired Chairman, President & Chief Executive Officer, the Port Authority of Jamaica. Served on several boards including the Jamaica Urban Transit Company Limited, Jamaica Promotions Corporation, the Maritime Authority of Jamaica, Air Jamaica Limited and the Police Service Commission.

Length Of Directorship: 13 years

Thalia **LYN**
O.D., J.P., B.A.

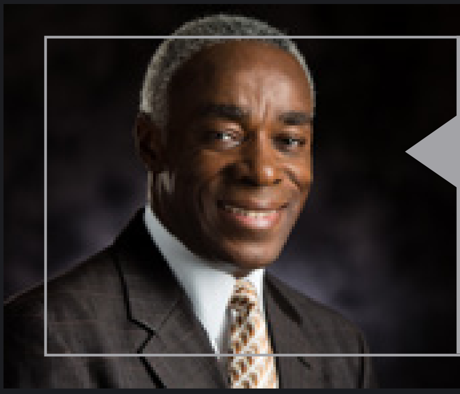
MAIN POSITIONS: Founder and CEO of the Island Grill restaurant chain. Chairman of the NCB Foundation; Trustee NCB Penson Funds; Director of Mustard Seed Communities; Respect Jamaica and Chair of the CB Group/UWI 5K. Previously teacher, licensed stockbroker and Marketing Manager for one of the largest Mutual Fund companies in Canada.

Length Of Directorship: 13 years

Oliver C.
MITCHELL Jr.
B.Sc., M.B.A.

MAIN POSITIONS: Member of the Board of Directors of FS Global Credit Opportunities Fund, a Philadelphia-based mutual fund founded in 2013. He serves on the Fund's audit and governance committees.

Length Of Directorship: 2 months



Professor Alvin G.
WINT
C.D., B.Sc, M.B.A., D.B.A.

MAIN POSITIONS: Professor of International Business and Special Advisor to the Vice Chancellor of the University of the West Indies.Serves on the board of directors of Jamaica Producers Group, the Caribbean Policy Research Institute and the Planning Institute of Jamaica. Selected Commissioner of the Electoral Commission of Jamaica and Member of the National Partnership Council.

Length Of Directorship: 13 years

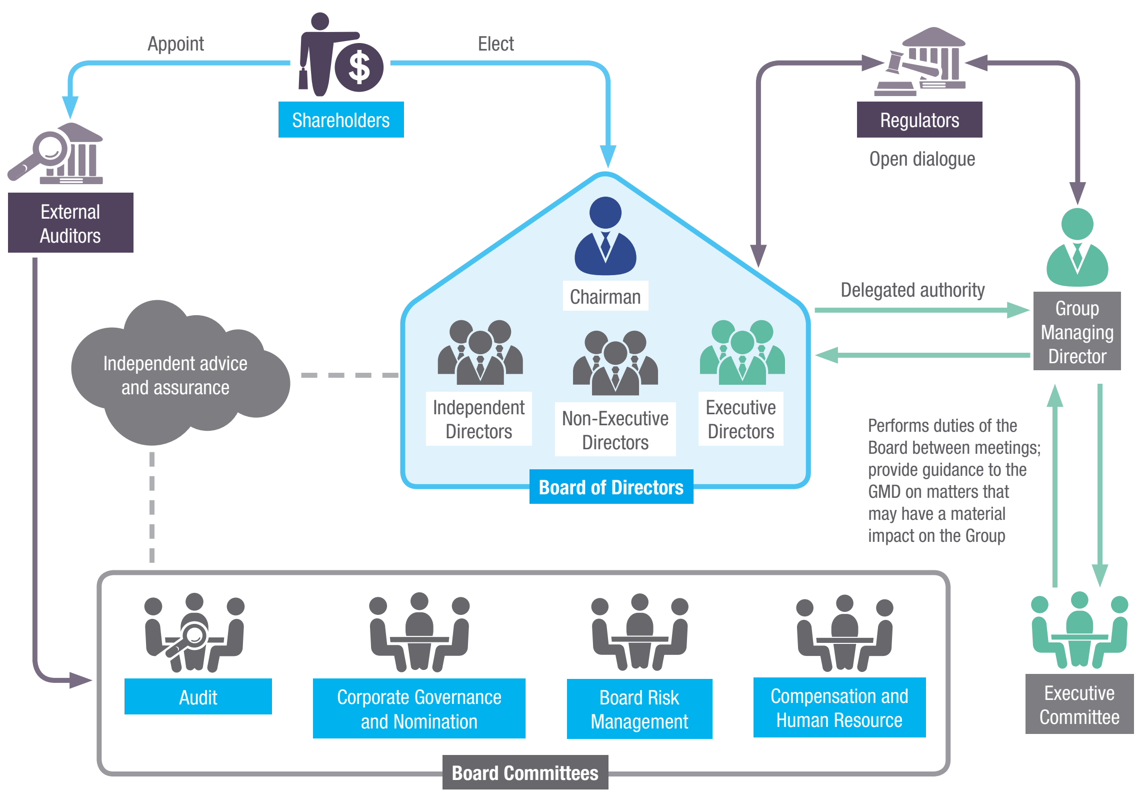
Corporate Governance 2015

This statement outlines the corporate governance framework of the National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries (the Group).

The Board of NCBJ and the Boards of our subsidiaries are unwavering in their commitment to best-in-class corporate governance embodied in our Corporate Governance Charter (available on our web site at **www.jncb.com**) and the Core Values of the Group (See page 5).

Throughout the 2015 financial year, the Group's corporate governance principles and practices reflected evolving best practices that are in the best interest of the Group and were consistent with the Bank of Jamaica's Standard of Best Practice for Effective Corporate Governance of Deposit-Taking Entities, published in July 2008, and the PSOJ Code of Corporate Governance 2nd Edition, published in 2009.

Corporate Governance Framework



The Board

The Board's Directors are accountable to the shareholders for the Group's governance and performance. The Board is committed to achieving long term success of the Group by providing the best products and services to our customers and generating stable and sustainable returns for shareholders.

Delegation of Authority

The Board reserves a formal schedule of matters for its decision to ensure that the direction, management and control of the Group rests with the Board. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels and review of the financial statements, financing and borrowing activities, including an annual operating plan and budget, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls. All policies pertaining to the Group's operation and functioning are approved by the Board. Directors discharge their duties at Board and committee meetings and also through telephone contact and other communication with the Chairman, Group Managing Director, management and others regarding matters of concern and interest to the Group.

Throughout the year, the Board discharged the following responsibilities:

+ Governance

- Kept the Group's corporate governance framework under review and ensured that it conforms to best practices and regulatory and statutory requirements.
- Approved the organisational/ management structure and responsibilities.
- Provided effective oversight over Management's activities.

+ Strategy

- The Board spent considerable time during the year discussing the Group's strategic priorities over the short, medium and long term and several meetings were devoted to focusing on presentations from the heads of key divisions.

+ Performance Management

- Approved the performance objectives for the Group and performance measurement systems.
- Reviewed the performance of the Board, Board Committees, the Group Managing Director and senior managers.

+ Business Decisions

- Approved and monitored the progress of mergers, acquisitions, divestments and acquisitions, annual budgets, dividends etc. affecting the balance sheet
- Approved financing and changes in authorised capital
- Approved entering into, or withdrawing from, businesses or service lines

+ Human Resources

- Discussed and reviewed management's succession planning for executive positions.
- Reviewed revised policies.

+ Financial Performance

- Approved the annual budget and targets, annual financial statements and interim results and monitored financial performance
- Ensured financial results were reported fairly and in accordance with International Financial Reporting Standards (IFRS) and other relevant standards
- Recommended to shareholders the Annual Report / financial statements released by Management and ensured that any reports issued by the Group, including the financial statements, presented a 'true and fair' view of the Group's position and performance

+ Compliance

- Ensured that the Group operates within applicable laws and regulations, including an effective Code of Conduct and Anti Money Laundering and Counter Financing of Terrorism policies
- Ensured that the Group's policies comply with all regulatory requirements covering all operations

+ Communications

- Considered the communications strategy and procedures including investor relations and the shareholder communications process

+ Risk Management

- Our approach to risk continues to be based on an effective control framework and a strong risk management culture which guides how our employees engage in decision-making. Our risk appetite - the amount and type of risk that we are prepared to seek, accept or tolerate, has been developed in tandem with our strategy, is embedded within our policies, authorities and limits across the Group and is approved by the Board.

+ Internal Controls

- Assessed the adequacy of the systems of risk management, internal control, control environment and regulatory compliance

Composition of the Board

The Board currently comprises 11 Directors: 9 Non-Executive Directors and 2 Executive Directors, being the Group Managing Director and the Group Finance and Deputy Managing Director. Mr. Oliver C. Mitchell, Jr. was appointed as a Director in August 2015.

Of the eleven Directors on the Board, more than half of them meet the standard for independence as described in the Board's Charter. A director meets the formal criteria for independence where he or she:

- does not represent a substantial shareholding
- is not a close relative of a significant shareholder, and
- does not have an employment relationship with the Group or its parent companies

Each member of the Audit and Corporate Governance and Nomination Committees must be independent. The directors deemed to be independent at the end of the financial year are:

» Sandra A. C. Glasgow

Corporate Governance 2015

CONT'D

- Sanya M. Goffe
- Hon. Noel Hylton, OJ
- Thalia Lyn, OD
- Professor Alvin G. Wint, CD
- Oliver C. Mitchell Jr.

Chairman

The Chairman, Hon. Michael Lee-Chin OJ is a Non-Executive Director. He leads the Board and sets its tone, and is responsible for the effective organisation and conduct of the Board's affairs. The Chairman builds and maintains an effective working relationship with the Group Managing Director, Mr. Patrick Hylton and all Board members. The Chairman also represents the Bank to shareholders and the wider community.

Company Secretary

The Company Secretary, Mr. Dave L. Garcia, is accountable directly to the Board, through the Chairman on all matters relating to the proper functioning of the Board, including providing support in maintaining the highest standards of probity and corporate governance. The Company Secretary is also responsible for communicating with shareholders as appropriate and ensuring that due regard is paid to their interests. All Directors, including Non-Executive Directors, have access to the services of the Company Secretary in relation to the discharge of their duties. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole.

Code of Conduct for Directors

The Boards of Directors of NCBJ and its subsidiaries are committed to the highest standards of integrity and business conduct. The Board believes that operating with the highest level of honesty and integrity is critical to protect the interests of NCBJ, its subsidiary companies, employees, shareholders and the general public. Accordingly, it has adopted and regularly reviews and updates a Code of Conduct confirming its commitment to demonstrably lead and promote good corporate governance and the highest standards of ethical and business conduct. The Code is published on the Bank's Intranet and its website: www.jncb.com.

The Code is applicable to all directors of companies within the NCB Group. In order to foster the confidence of its shareholders, employees, investors and the general public, it goes beyond the legal and regulatory framework in Jamaica and reflects internationally recognised principles and practices. Although the Code provides standards of conduct for many situations, it does not cover all the possible situations that may arise. Accordingly, all directors are expected to conduct themselves in accordance with their legal responsibilities and in a manner consistent with the spirit and letter of this Code and avoid even the perception of improper behaviour.

Board Evaluation

The Board conducts regular evaluations of the performance of the Board, individual Directors and the Board's Committees on an annual basis. For the past three years, this process has been facilitated by an external consultant. During the financial year under review, the Board again engaged McKinsey & Company to conduct an evaluation of the performance of the Board.

All directors completed the on-line survey and the McKinsey consultant interviewed individual members of the Board. A presentation of the results of the survey to the Board indicated that Board members agree, in general, that the Board is effective in performing its responsibilities; that there are the right number of members and committees; that the board meets with the right frequency; and that board material is well prepared. Board members also agree that the Board manages conflicts of interest well and that there is a culture of respect: between the Chairman and the board; among board members; and between board members and the management team.

The results were also compared with responses from an international McKinsey survey of 224 directors of boards which were self perceived to be of very high impact (VHP) (positive or negative). 61% of these directors felt that the Board had been most effective in strategy development, 13% in business risk management and 2% in core governance and compliance. At NCBJ the equivalent figures were 20% in strategy development, 30% in risk management, and 30% in core governance and compliance. Directors in the VHP companies spent 40 days per year on company activities, focused primarily on strategy development (31%) and performance management (18%). At NCB, the 34 days per year were spent focused primarily on business risk management (24%); execution, investments, M&A (21%) and core governance and compliance management (16%).

For the first time, a performance assessment was conducted for the three Directors (Thalia Lyn, Sanya Goffe and Sandra Glasgow) who were up for re-election at the 2015 Annual General Meeting, using a self/peer assessment tool developed by McKinsey. Each of the three directors assessed themselves and all other directors assessed the three directors on the following criteria:

Contribution to Interaction

- Shares information or insights
- Participates actively in board activities, works constructively with peers
- Takes strong constructive stands at board or committee meetings where necessary
- Encourages feedback from Board
- Encourages meetings to focus on the agenda
- Confronts conflicts and participates in finding a resolution

Quality of Input

- Provides logical honest opinions on issues presented
- Provides unique insight to issues presented – has valuable skills
- Priorities context of issues to be in line with objectives
- Motivates others to get things done, is decisive and action-oriented
- Provides realism and practical advice to board deliberations
- Applies analytical and conceptual skills to the decision-making process
- Communicates persuasively in a clear and non-confrontational manner

Understanding of Role

- Adds value to board meetings – attends meeting well prepared
- Takes initiative to request for more information
- Ensures that individual contribution is relevant – up-to-date with developments
- Focuses on accomplishing the objectives
- Assess and link short-term issues to the long-term strategy
- Ensures performance of financial and human capital, keeping in mind the strategic plan when making investment decisions

After considering the results of the performance review, the Board endorsed the three Directors to stand for re-election at the 2015 AGM.

Assessment of Senior Executive Performance

Senior executives are provided with a written employment agreement which sets out the terms and conditions of their appointment. Senior executives' annual performance evaluations are conducted following the end of the financial year.

Remuneration

In 2014, the Board, through its Compensation and Human Resource Committee, approved a compensation framework for Executive Directors that supports a performance culture in the Group based on merit and differentiates and rewards excellent performance, taking into consideration the core values of the Group. The framework is designed to enable the Group to retain and attract the best employees, and motivate them to achieve results with integrity and fairness. Remuneration for Executive Directors balances fixed and variable compensation in a way that appropriately reflects the value and responsibility of the role performed day to day. It is also aimed at influencing appropriate behaviours and actions; ensuring consistent and effective risk management practices in keeping with the Group's compliance and control culture; fostering teamwork and collaboration across the Group and taking into account the ongoing performance of the Group in order to create sustainable value for the Group's shareholders.

In 2014 the Board also approved increases in Board fees for Directors. The increased fees fell within the global sum approved at the last Annual General Meeting in accordance with Article 80 of the Company's Articles of Incorporation.

Continuing Education

Directors receive continuous education which takes many different forms, including the distribution of publications, workshops and presentations at Board meetings.
The Group offers regular training programmes for the continuous development and awareness of its Directors. At the end of the last financial year, Directors and senior managers participated in a corporate governance workshop facilitated by Dr. Nina Spielmann of McKinsey & Company.

Corporate Governance 2015

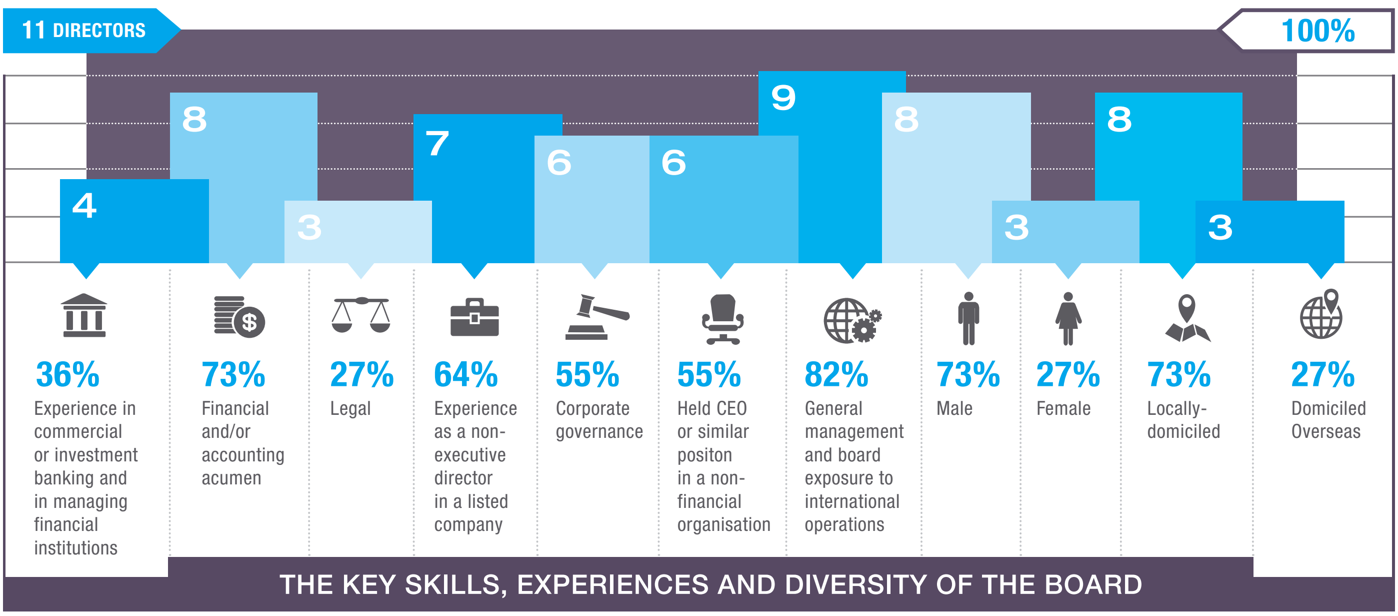
CONT'D

Director skills, experience and Board diversity

The Corporate Governance and Nomination Committee assesses, at least annually, the size and composition of the Board, the competencies, skills and personal qualities that members of the Board and its committees should possess in light of the opportunities and risks facing the Bank, other attributes, including the diversity of the Board, succession planning considerations. It recommends to the Board criteria for the selection of new directors based on these assessments. The skills, experience and expertise of each Director is described on pages 29 to 32. The Directors possess a range of skills and experiences which enable the Board to discharge its obligations effectively, challenge management and contribute to the Bank's discussions on strategy.

Every Director has had considerable exposure to current corporate governance practices and most Directors possess significant accounting and/or financial acumen. 33% of the Non-Executive Directors are women and 27% of all Directors are domiciled overseas.

The following table summarises the key skills, experiences and diversity of the Board:



Attendance at Board and Committee Meetings

The Board held nine meetings during the financial year. Attendance by the directors at meetings of the Board and its committees averaged 96% during the year. Each director attended at least 89% of the meetings of the Board and at least 85% of the combined meetings of the Board and the committees on which he or she serves. Attendance at Board and Committee meetings is a key indicator of commitment and the Board's Charter requires that all directors must attend at least 75% of all Board meetings within the financial year. The following table outlines the attendance record of directors throughout the year.

Director	% Attendance at meetings of the Board (n=9)	Average % attendance at all Board and Committee meetings
Robert Almeida	89%	85%
Wayne Chen	100%	100%
Dennis Cohen	100%	100%
Sandra Glasgow	100%	100%
Sanya Goffe	100%	100%
Hon. Noel Hylton, OJ	100%	88%
Patrick Hylton, CD	100%	100%
Hon. Michael Lee-Chin, OJ	89%	91%
Thalia Lyn, OD	100%	92%
Oliver C. Mitchell Jr. [1]	100%	100%
Professor Alvin Wint, CD	100%	96%

[1] Mr. Mitchell was appointed to the Board in August 2015 and attended his first meeting in September 2015. As such the percentage attendance is reflective of the single meeting that he was eligible to attend.

Committees of the Board

The Board has established five standing committees: Audit, Compensation and Human Resource, Corporate Governance and Nomination, Executive and Board Risk Management. These committees act on behalf of the Board and report on their activities to the entire Board. The Board, as it deems appropriate, considers and approves the appointment of members of the Board Committees and the Charters of these Committees, which include the purpose, authority, composition, duties and responsibilities, functioning and conduct of meetings. Committee Charters are reviewed on a regular basis and updated and amended as often as needed to respond to the evolving regulatory and market environments in which the Group operates. Committee Chairs report to the Board on any key actions taken by their committees or recommendations being made to the Board with respect to the Committees' mandates. As required by their charters, each committee (except the Executive Committee, whose mandate is fully covered by the Board Charter) periodically reviews and assesses its charter's adequacy and reviews its performance.

The following outlines the oversight responsibilities of the Board's principal committees:

Executive Committee

The Executive Committee generally performs the duties of the Board between Board meetings, based on the urgency of the situations being considered. This Committee normally provides guidance to the Bank's management on matters that may be of strategic significance or that may have a material impact on the Bank, and performs any other duties delegated to it by the Board. It was not necessary for this Committee to meet during the 2015 financial year.

Audit Committee

The Audit Committee helps the Board fulfil its oversight responsibilities for financial and operational reporting, risk management, internal control, auditing, compliance with laws and regulations and NCB's code of conduct. Its members are independent and also execute their responsibilities on behalf of subsidiaries within the Group.[2] The Audit Committee has full and direct access to the Group Finance and Deputy Managing Director and other financial, accounting and audit personnel, as well as the General Manager Group Legal & Compliance and other members of management. The Committee members are independent and reported quarterly to the Board on its activities and met six times during the 2015 financial year.

▼ The Committee met six times during the year.

	MEMBERS	NO. OF MEETINGS ATTENDED
CHAIR	Professor Alvin Wint, CD	6
	Sandra Glasgow	6
	Hon. Noel Hylton, OJ	4

During the year, the Committee executed on the following of its responsibilities:

+ Financial Statements and Annual Report

- Reviewed significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, understanding their impact on the financial statements.
- Reviewed the quarterly and annual financial statements, regulatory releases and the annual report, ensuring the completeness and accuracy of the information and the application of appropriate accounting principles before recommending to the Board, their approval.

+ Internal Control

- Reviewed and monitored the effectiveness of the organisation's risk management and internal control systems, including information technology, security and control.
- Reviewed and considered the scope of the Group Internal Audit Division's and the external auditor's review of risk management and internal control over financial and operational reporting, and obtained reports on significant findings and recommendations, together with management's responses.

+ Internal Audit

- Reviewed and monitored the effectiveness of the Group Internal Audit Division, including charter, operational plan and budget, staffing and organisation structure and compliance with the International Standards for the Professional Practice of Internal Auditing. This included review of the results and action plan of a Global Audit Information Network (GAIN) benchmarking exercise conducted during the period under review. The GAIN benchmarking tool allows an internal audit function to compare itself on size, experience, and other metrics against the averages of similar organisations in peer groups.
- Ensured that there were no unjustified restrictions or limitations on the Chief Internal Auditor.

+ Fraud Prevention

- Reviewed and considered reports on significant frauds, forgeries and other irregularities in respect of any investigations undertaken.

+ External Audit

- Reviewed and considered the external auditors' terms of appointment, audit scope and approach and the process for identifying and responding to key audit and internal control risks.
- Reviewed the performance of the external auditors and made recommendations to the Board on the auditor's re-appointment and fee.

[2] Full responsibilities for subsidiaries for which there is no Audit Committee of the Board of Directors, and specific responsibilities for subsidiaries with appointed Audit Committees of the Boards of Directors.

Corporate Governance 2015
CONT'D

+ Compliance

- Reviewed and considered the effectiveness of the system for monitoring compliance with laws and regulations and of the results of management's investigation and follow-up of any instances of non-compliance.
- Reviewed the Bank's code of conduct.
- Reviewed updates from management and the Group Legal and Compliance Division regarding compliance matters.
- Reviewed the procedures for receipt, retention, and treatment of complaints received throughout the Group regarding accounting, internal controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters. This review was conducted in the context of the Fraud Reporting and Investigation and Whistle Blower policies.
- Reviewed all relevant related party transactions to ensure that these were in compliance with the Policy on Related Party Transactions.

Board Risk Management Committee

The purpose of the Board Risk Management Committee is to assist the Board in fulfilling its responsibility with respect to oversight of the Group's risk management framework including risk appetite, and the policies and major procedures related to managing credit, market, liquidity, capital, operational and certain other risks as determined from time to time. The Committee reports to the Board of Directors regarding the Group's risk profile, as well as its risk management framework including the significant policies and practices employed to manage risks in NCBJ's businesses as well as the overall adequacy of the risk management function. The Committee also plays a role in the decision-making process around significant risks that are to be undertaken by the Group.

The Committee met four times for the year.

	MEMBERS	NO. OF MEETINGS ATTENDED
CHAIR	Professor Alvin Wint, CD	4
	Robert Almeida	3
	Dennis Cohen	4
	Sanya Goffe	4
	Sandra Glasgow	4
	Patrick Hylton, CD	4

During the year, the Committee received and considered reports on the following:

- Emerging trends in the market which could impact the Group's strategy.
- The Group's credit portfolios, including current credit risk exposures emanating from these portfolios and emerging credit risk trends.
- The Group investment portfolios, in particular the market risks associated with these portfolios in addition to potential impact on profits arising from a number of changes in market variables such as interest rates and foreign exchange rates.
- Liquidity - from a local market environment perspective, the structural liquidity of the balance sheet and the availability of liquidity to support the Group's strategic imperatives.
- Operational risk assessments of key initiatives, existing processes and certain business units.
- The technology risk factors to which the Group is exposed arising from its information technology infrastructure and its business objectives in order to identify the types of risks to which it is most vulnerable and therefore the extent of the risk responses that should be employed to avoid, transfer, accept, prevent or mitigate these risks to levels that are within the Group's risk appetite.

The Committee also undertook a review of the Group's Credit Risk Policy. As the Group seeks to identify and implement more efficient methods of offering services to its customers, the use of outsourcing arrangements is expected to increase. To ensure that the outsourced activities are effectively managed while minimising the Group's exposure to risks that could result in regulatory action, financial losses, litigation, and reputational damage, the Committee received, reviewed and approved an Outsourcing Policy for the Group.

The Committee also discussed and approved, where it considered it appropriate, credit facilities which were within the Committee's discretionary approval authorities.

Compensation and Human Resource Committee

The mandate of the Compensation and Human Resource Committee is the crafting of a transparent compensation and human capital management framework that is performance oriented and aligned to market conditions. The Committee has strategic oversight of the policies and practices that are designed to:

- Attract and retain qualified individuals capable of executing the strategic objectives of the company

- Reward individual performance and stimulate employee discretionary personal contribution in keeping with the Company's strategic priorities
- Promote sustainable performance levels and recognise superior results
- Align stakeholder interests

During the year, the Committee met twice.

	MEMBERS	NO. OF MEETINGS ATTENDED
CHAIR	Hon. Michael Lee-Chin, OJ	2
	Sandra Glasgow	2
	Hon. Noel Hylton, OJ	2
	Patrick Hylton, CD	2
	Professor Alvin Wint, CD	1

The following matters were discussed:

- Compensation of Senior Managers and Executive Secretaries: The Committee unanimously approved an increase of 8% on salaries for senior managers and executive salaries and a 6% increase on allowances, with effect from October 1, 2014 and an increase on salaries and allowances of 6.5% effective October 1, 2015 as well as a provision for a scholarship benefit for executive salaries.
- Review of HR Policies: The Committee also reviewed and recommended approval of a suite of 8 revised policies covering areas such as health and wellness, communicable and non-communicable diseases and diversity.

Corporate Governance and Nomination Committee

The Committee has responsibility for the Corporate Governance of the Bank. Its purpose is to assist the Board in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve global corporate governance best practice standards and to facilitate the Board and management's objective of increasing the long-term value of the Bank. The membership of the Committee is required to include at least three Board members who are non-executive, independent directors as defined in the Bank's Corporate Governance Charter, chosen for their competence and understanding of issues related to corporate governance.

The Committee met four times during the year.

	MEMBERS	NO. OF MEETINGS ATTENDED
CHAIR	Sandra Glasgow, Chairperson	4
	Sanya Goffe	4
	Thalia Lyn, OD	3
	Professor Alvin Wint, CD	4

During the year, the Committee exercised general oversight with respect to the governance of the Board, including considering the matter of recruiting new directors for election to the Board, reviewing the suite of policies requiring revisions or updates for approval by the Board. The Committee also collaborated with McKinsey & Company to undertake a review and self-evaluation of the performance of the Board as a whole, and individual Directors and discussed the manner in which areas for improvement identified in the previous year's evaluation exercise were being addressed.

Conclusion

The Board recognises that the Group's corporate governance practices can always be improved and therefore the Corporate Governance Framework is kept under constant review to ensure that it reflects changing global standards and local regulations and that the Board always takes appropriate measures to safeguard the interests of the Group's stakeholders.

Sandra A. C. Glasgow
Chairperson

Our Policies

The Board approves various policies to ensure that a framework exists to support effective decision making and understanding of roles and responsibilities for key operations within the organisation. Serving as part of the organisation's internal control, our policy framework includes the following:

CORPORATE DISCLOSURE POLICY

NATIONAL COMMERCIAL BANK JAMAICA LIMITED AND ITS SUBSIDIARIES (NCB), HAVE A CORPORATE DISCLOSURE POLICY WHICH HAS BEEN COMMUNICATED TO THE JAMAICA STOCK EXCHANGE AND THE TRINIDAD AND TOBAGO STOCK EXCHANGE.

The policy regulates the disclosure of information by NCB about NCB and its business activities. It stipulates that NCB companies shall be responsible to make any disclosure that they are required, respectively, to make by virtue of any law, regulation or regulatory requirement.

The Policy contains the following:-

1. Objectives and Principles of Disclosure
2. Media Communication Protocol
3. Details of the Persons generally authorised to make Disclosures on Behalf of NCB
4. Parties and Rules for the Disclosure of Information
5. NCB Companies Listed on a Stock Exchange /Annual Report to Stockholders
   a. General stipulations for disclosure by NCB Companies Listed on a Stock Exchange and in respect of Financial Information and information that should be contained in the Annual Report to Stockholders, including a Management Discussion & Analysis (MD&A). The MD&A provides an analysis, by the company's management, of the operations of the past financial year, including an assessment of the key activities and future plans which impact the company's performance.
6. In addition to the means of disclosure required by law, NCB's Listed Companies will:-
   a. conduct meetings
   b. disclose information on NCB's website and
   c. issue press releases

The Policy may be viewed in its entirety on the Bank's website at **www.jncb.com**

DIVIDEND POLICY

DIVIDENDS, WHICH ARE PAID OUT OF THE PROFITS OF AN ORGANISATION INFLUENCE SHAREHOLDERS' AND POTENTIAL INVESTORS' PERCEPTIONS OF THE COMPANY'S FINANCIAL STRENGTH AND ULTIMATELY SHARE PRICE.

Notwithstanding its importance to investors and shareholders, dividend payments reduce the level of profits retained in the company and consequently the level of capital. The maintenance of adequate capital is important in ensuring that the strategic objectives of an organisation are met while complying with all capital adequacy requirements. The Board of Directors of National Commercial Bank Jamaica Limited (NCB) recognizes the importance of capital in meeting the needs of shareholders, investors and the business. To this extent, a dividend pay-out rate has been determined.

DIVIDEND PAY-OUT RATE

The Board of Directors will declare, at its discretion, dividends to shareholders. These dividends will be paid from the realised earnings of NCB. The dividends will be subject to a maximum of 50% of the net profits earned each year. In the event that the payout is less than 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

Further, the Board, at its discretion, may distribute to its shareholders the full amount of dividends received from subsidiaries and realised gains arising from non-recurring or extraordinary transactions.

The Dividend Policy is consistent with the Capital Management Plan and is reviewed annually or more frequently as determined by the Board of Directors.

SCOPE

This policy supersedes all previous dividend policies and dividend payment intentions. It is consistent with and should be read in conjunction with the Capital Management Plan.

The Dividend Policy will be reviewed annually or more frequently as determined by the Board of Directors.

ENVIRONMENTAL POLICY & PRACTICES

THE NATIONAL COMMERCIAL BANK IS COMMITTED TO CARING FOR AND PROTECTING THE ENVIRONMENT IN WHICH WE OPERATE. WE NOW HAVE A DRAFT ENVIRONMENTAL POLICY AND A DRAFT ENERGY CONSERVATION STRATEGY AND CONTINUE TO USE 'GREEN' TECHNOLOGY THROUGHOUT THE ENTERPRISE WHERE FEASIBLE.

This includes the discontinuation of the burning of waste at our locations, the use of LED lighting, rain water collection and distribution, air-conditioning upgrades and sewage disposal upgrades. These new mechanical sewage systems are being monitored by NEPA.

The use of green technology has also been implemented at our newly constructed building at 29 Trafalgar Road. This includes LED lighting, rainwater collection & distribution system and an inverter air-conditioning system.

HUMAN RESOURCE DEVELOPMENT POLICIES AND PRACTICES

NATIONAL COMMERCIAL BANK JAMAICA LIMITED IN ITS HUMAN RESOURCE DEVELOPMENT POLICIES AND PRACTICES DELIVERS ON A VISION THAT ENGENDERS A SUSTAINABLE ORGANIZATION OF EXCELLENCE BUILT ON THREE PILLARS: SELECTING, DEVELOPING AND ALLOCATING THE RIGHT HUMAN RESOURCES IN ORDER TO OPTIMIZE BUSINESS SUCCESS.

As we manage a fit for purpose human resource function in order to achieve operational excellence, the Human Resource Division in its role ensures that the business has the right capability, capacity and organization design to create value. To this end, some of the main areas of focus in our policies and practices include: Talent Management, Occupational Health and Safety, HIV Workplace Policy, Learning and Development, Succession Management and Education/Benefits (a summary of each is provided below and can be found on our internal website and published in our Annual Learning Reports which can be located on our website at www.jncb.com):

TALENT MANAGEMENT

The practices and procedures which guide Talent Management are: fair and consistent, non-discriminatory on the grounds of sex, race, age, religion or disability and conform to statutory regulations and agreed best practices. Key talent management initiatives have also been implemented namely: Virtual Orientation, Professional Development Planning and Performance Management Enhancement.

OCCUPATIONAL HEALTH AND SAFETY

The Group seeks to provide a workplace that is free from preventable injuries and occupational illnesses through the observance of the respective rules and regulations by all concerned. We believe that a safe and healthy working environment is essential to achieving high productivity and work quality comparable with international standards.

HIV WORKPLACE POLICY

The policy provides a framework to monitor and mitigate the impact of HIV/AIDS on the Company and seeks to maintain stability and productivity in the workplace, whilst protecting confidentiality, dignity and rights of HIV positive employees.

LEARNING AND DEVELOPMENT

The Company is committed to channelling its resources into those initiatives that support employee professional development and expertise. The Corporate Learning Campus supports the Company's employment, retention and growth strategies, including but not limited to marketing plans, succession planning, promotion, rotation and cross-training interventions, and thereby assist in the increase of performance and productivity levels.

SUCCESSION MANAGEMENT

The Programme involves a deliberate effort to include senior management in succession management by allowing them to identify leadership requirements, identify a pool of high potential candidates, develop leadership competencies in those candidates and select leaders from a pool. The programme also mandates ownership and accountability by senior management.

EDUCATION/BENEFITS

The NCB Education Policy seeks to encourage staff who demonstrates that they understand the value of being responsible to themselves to improve their own knowledge and understanding of the skills and the issues which are relevant to the services offered by the Group.

BUSINESS CONTINUITY POLICY & PLAN

NCB'S BUSINESS CONTINUITY PLAN HAS BEEN CRAFTED TO ENSURE THAT THE BUSINESS IS ABLE TO RECOVER FROM DISASTERS AND OTHER NON FINANCIAL DISRUPTIONS IN AS LITTLE TIME AS POSSIBLE AND WITH AS LITTLE LOSS IN REVENUE AS POSSIBLE.

The Business Continuity Plan documents the response to be undertaken in specified scenarios and indicates the minimum resources required to ensure the continuity of key business functions in the event of disruptions.

The Plan is drafted in a modular format such that an individual subplan is maintained for the different subsidiaries, divisions, branches and critical business units. The plans are stored in a central web-based repository, which facilitates plan distribution, sharing and updating.

For each business area, the Business Continuity Plan provides a map of specific instructions to be carried out in the event of a future significant business disruption and events of varying scope. Among other things, the Plan describes the role for recovery sites, backup data bases and system facilities. A Chief Command team is responsible for monitoring the effective execution of the Plan at the point of business disruption.

“ Our employees, customers, shareholders and fellow citizens, can be assured of our commitment to a maintaining a viable and thriving organisation, which meets the needs and optimises value for all stakeholder groups.

Group Managing Director's Message

The 2015/2016 financial year will see the National Commercial Bank Jamaica Limited (NCB), continue its transformation into the Financial Institution of the Future and an indisputable provider of choice across the English and Spanish speaking Caribbean.

This will be largely enabled by the initiation of our digital agenda, to support our core strategic pillars as well as our regional expansion.

At NCB, we define digitisation as the expansion of our electronic channels and the use of technology to:

1. **Improve** our customers' experience
2. **Improve** the work environment for our employees
3. **Increase** NCB's efficiency and agility

Globally, digitisation is fundamentally reshaping all industries and disciplines. Manifestations of this trend include:

1. An empowered consumer – today's consumer wants their products and services faster, cheaper, on demand and personalized.

2. Proliferation of non-traditional competition and lower barriers to entry

Combined, these forces require organisations to become more customer-focused, agile, responsive, and efficient. To effectively facilitate these shifts, organisations must fundamentally change their strategies and business models. Leaders may fear digitisation because it causes disruption. At NCB, we are excited about the opportunity to make an impact on a global scale, as digitisation effectively levels the playing field between companies in developed and emerging markets.

Even as we transform, we remain committed to the initiatives to maintain and grow our core business for the 2015/2016 financial year. The four primary initiatives are:

1. **Sales and Service Effectiveness** – Enhance sales and service excellence to ensure that customers are being matched with the right financial solutions with a service level that meets and exceeds their expectations.

2. **Lending Expansion** – Expand the access to credit for our individual and business customers by developing new tools and credit assessment methodologies. This will help to unlock new economic expansion.

3. **Payments Innovation** – Improve the efficiency of the payments landscape and the range of payment options (including mobile technologies) available to our customers through innovation.

4. **Efficiency Optimisation** – Leverage the principles of Lean – a globally adopted discipline – to transform our operating model and supporting processes to generate a sustainable competitive advantage in service quality, cost, and speed.

In terms of regional expansion, we will be seeking to optimise on our recent investments and footprint establishments in Trinidad and Tobago, Barbados, the Dominican Republic and the Cayman Islands. We also remain opportunistic regarding new markets.

In embracing digitisation as a platform for our transformation into the Financial Institution of the Future, our employees, customers, shareholders and fellow citizens, can be assured of our commitment to a maintaining a viable and thriving organisation, which meets the needs and optimizes value for all stakeholder groups.

We thank you for your continued support and welcome your feedback as we continue this journey.

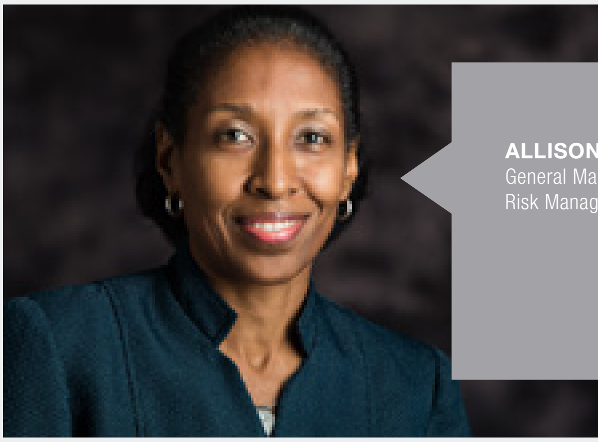
Respectfully,

Patrick A. Hylton, CD
Group Managing Director

Leadership Team

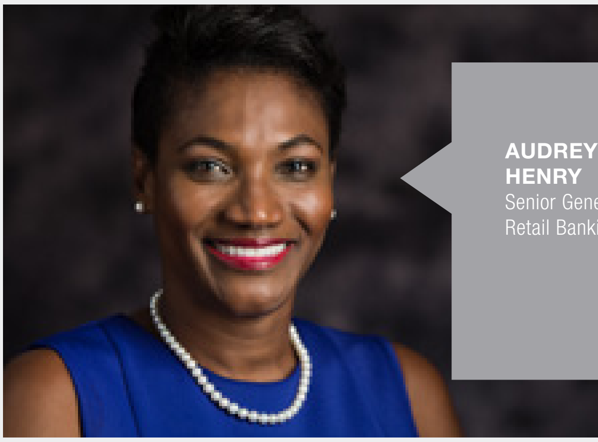
Our leaders are the creators and implementors of our strategic and operational direction. Their roles require focus and flexible actions pursuant to value creation for all stakeholders.

FOR MORE INFO - www.jncb.com/leadershipteam



ALLISON WYNTER
General Manager, Group Risk Management Division

ROLES & RESPONSIBILITIES:
Allison has responsibility for the identification, assessment, measurement, monitoring and shared-management of the principal risks faced by the Group, with particular emphasis on Credit risk, Market risk, Liquidity Risk and Operational risk.

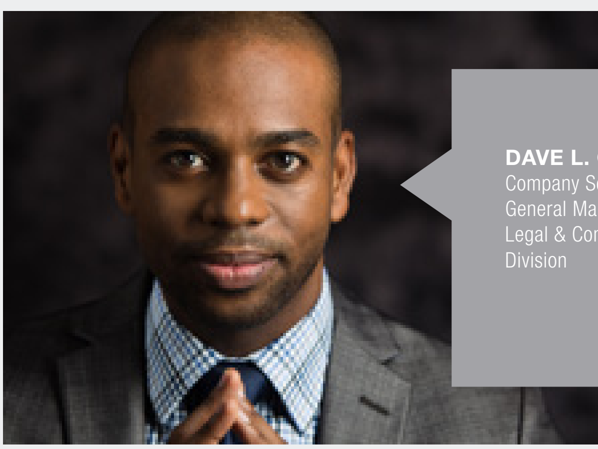


AUDREY TUGWELL HENRY
Senior General Manager, Retail Banking Division

ROLES & RESPONSIBILITIES:
Audrey is charged with responsibility for leadership of the Retail Banking Division. She implements initiatives that will allow the business to achieve its targeted growth and profitability, as well as evaluates market trends, both locally and internationally, in order to develop a wide array of banking solutions to meet consumer needs. Her focus includes improving efficiency and customer experience.

BRIAN BOOTHE
General Manager, Corporate Banking Division

ROLES & RESPONSIBILITIES:
Brian is responsible to strategically guide, grow and manage the Bank's Corporate Banking portfolio. He is charged with leading the Division in accordance with high efficiency benchmarks aligned to the Bank's strategic plan. He is also responsible for the delivery and management of an asset portfolio of high-value blue chip corporate clients with significant loan and deposit bases important to the Bank's profitability and growth.



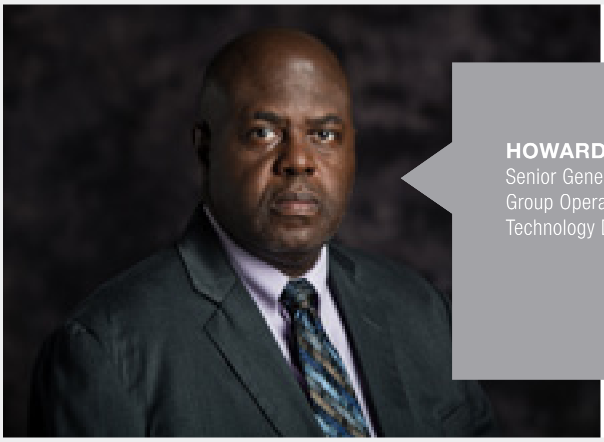
DAVE L. GARCIA
Company Secretary & General Manager Group Legal & Compliance Division

ROLES & RESPONSIBILITIES:
Dave is responsible for leading the team that provides the Bank and its subsidiaries with general advice, leadership and direction on all legal, regulatory, compliance and corporate secretarial matters. He is charged with guiding the Group's legal strategy in its drive toward growth and expansion in Jamaica and elsewhere in the Caribbean. His role also encompasses ensuring the effective management of relationships with external counsel acting on behalf of the NCB Group.

Leadership Team CONT'D

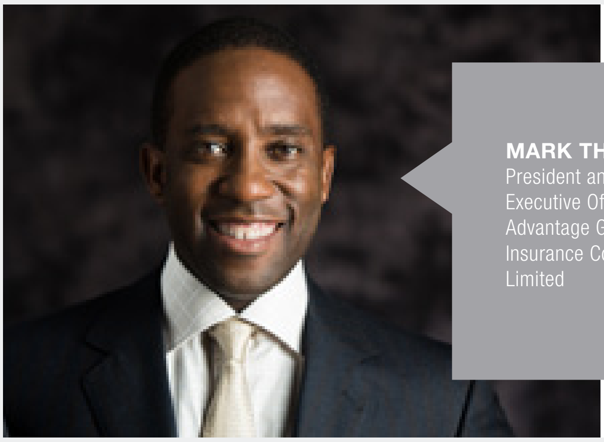
DENNIS COHEN
Group Finance and Deputy Managing Director

ROLES & RESPONSIBILITIES:
Dennis has oversight responsibility for the Group's insurance and wealth management business segments and provides leadership and oversight for the Group's financial planning and reporting. He is also responsible for monitoring the performance of the Group against strategy and budget and overseeing the Group's transformation office and investor relations function.



HOWARD GORDON
Senior General Manager, Group Operations and Technology Division

ROLES & RESPONSIBILITIES:
Howard is charged with reengineering the operating processes and practices to support the Group's customer service and digitisation strategies, implementing initiatives to promote operational efficiency, ensuring the implementation and maintenance of a robust technology environment and leading the creation of an operations environment consistent with international banking practices to support the Group's risk, sales and service strategies.

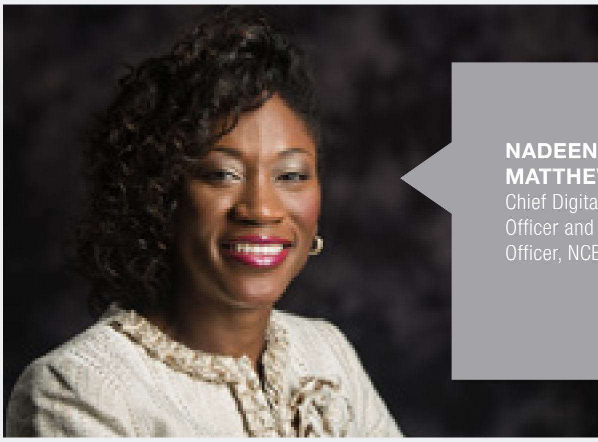


MARK THOMPSON
President and Chief Executive Officer, Advantage General Insurance Company Limited

ROLES & RESPONSIBILITIES:
Mark has responsibility for the development and execution of the strategic goals to propel the company to achieve its vision of becoming a globally recognized and innovative industry leader. In executing his leadership mandate, he provides direction to his team in financial, risk and performance management and corporate governance and compliance.

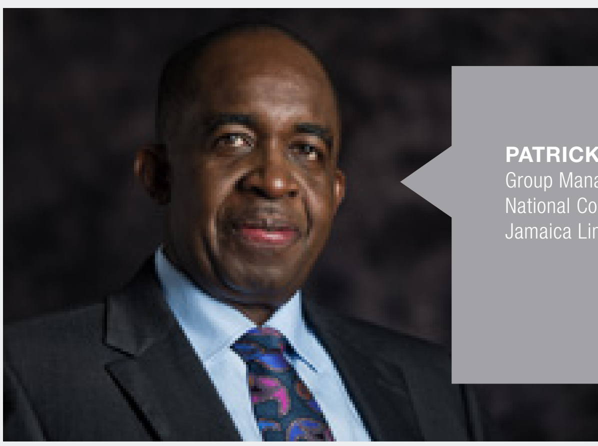
MUKISA RICKETTS
Chief Internal Auditor, Group Internal Audit Division

ROLES & RESPONSIBILITIES:
Mukisa is charged with providing strategic direction and oversight of the internal audit activities for the NCB Group. Her role facilitates transparency of the Group's operations through the independent and objective assurance on the effectiveness of the risk management and governance processes and the internal control environment.



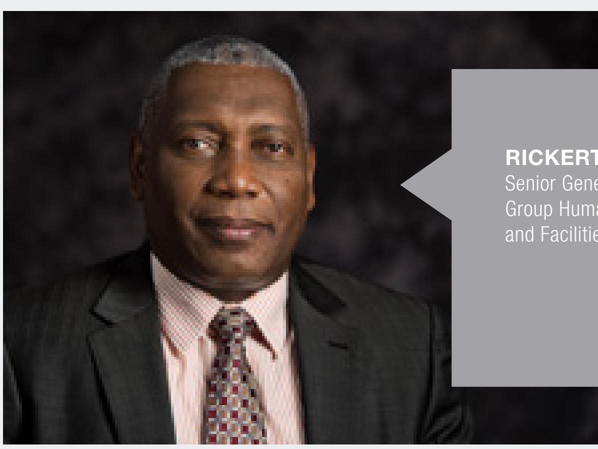
NADEEN MATTHEWS
Chief Digital & Marketing Officer and Chief Executive Officer, NCB Foundation

ROLES & RESPONSIBILITIES:
Nadeen Matthews has responsibility for driving the digital transformation across the NCB Group of Companies and to lead the Group's Marketing & Communications and Enterprise Information Management functions. Her role as CEO of the NCB Foundation involves direct executive responsibility for the operations and execution of various Corporate Social Responsibility initiatives undertaken by the NCB Group, through the NCB Foundation.



PATRICK HYLTON
Group Managing Director – National Commercial Bank Jamaica Limited

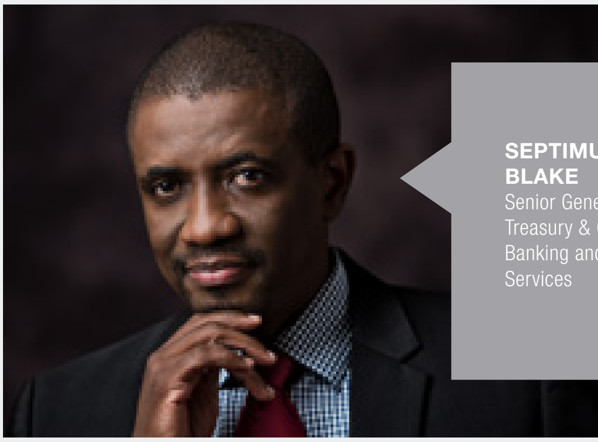
ROLES & RESPONSIBILITIES:
Patrick Hylton is responsible for the strategic development of the organisation so that its sales, service and risk management goals are appropriately set and attained.



RICKERT ALLEN
Senior General Manager, Group Human Resources and Facilities Division

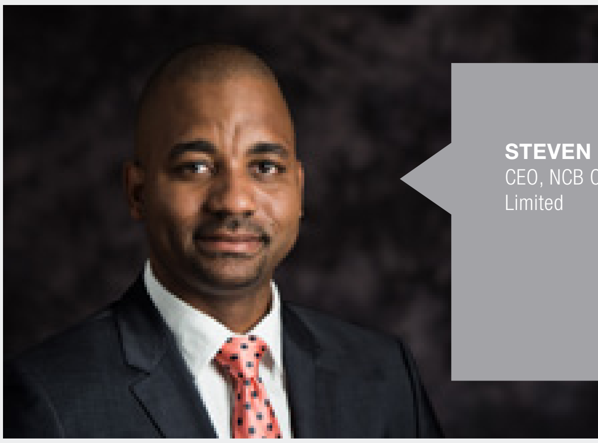
ROLES & RESPONSIBILITIES:
Rickert Allen's core mandates are the development and execution of strategies for the effective and efficient management of the human capital of the Group, in keeping with the organisation's strategic direction, in order to create a work environment conducive to high levels of employee productivity, engagement and customer service excellence. He also has overall responsibility for the Group Facilities and Services Division.

Leadership Team CONT'D



SEPTIMUS 'BOB' BLAKE
Senior General Manager
Treasury & Correspondent Banking and Payment Services

ROLES & RESPONSIBILITIES:
Bob provides overall strategic direction and management of the interest rate risk, liquidity, investment portfolio, currency and financial institutions relationship management functions, foreign exchange activities for the Bank and the Bank's Card Issuing and Acquiring business. He also has responsibility for the Group's Channels including the Customer Care Centre, ABMs and all alternative channels.



STEVEN GOODEN
CEO, NCB Capital Markets Limited

ROLES & RESPONSIBILITIES:
Steven leads the Group's wealth, asset management and investment banking arm, which under his leadership has expanded into the southern and eastern Caribbean via the establishment of hubs in the Cayman Islands, Trinidad & Tobago and Barbados. His strategic focus is to drive product penetration throughout the Group and to expand the company's reach across the region, which include Spanish and Dutch speaking territories.

VERNON JAMES
Managing Director & CEO, NCB Insurance Company Limited

ROLES & RESPONSIBILITIES:
Vernon James has overall responsibility for the strategic leadership of NCB Insurance Company. He has portfolio responsibility for over $50B in Pension Funds under management and is charged with improving NCBIC market share, which today ranks number two.

Management Discussion & Analysis (MD&A)

Management Discussion & Analysis (MD&A)

The management of National Commercial Bank Jamaica Limited and its subsidiaries (hereafter referred to as the "NCB Group", "Group", "we", "our" and "our company") is responsible for the integrity and objectivity of the information contained in this Management Discussion and Analysis (MD&A). The financial information disclosed in the MD&A is consistent with our audited consolidated financial statements and related notes for the year ended September 30, 2015 ("financial statements"). The information conveyed is based on the informed judgment of management with appropriate consideration to materiality. In this regard, management maintains a system of accounting and reporting that provides for the necessary internal controls to ensure transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities fully recognised. Importantly, the system of control is continually reviewed for its effectiveness and is supported by written policies and guidelines, qualified personnel, and strong internal audit and risk assessment procedures.

The MD&A is presented to enable readers to assess the operational results and financial condition of the Group for the year ended September 30, 2015, compared with the prior years. The MD&A should be read in conjunction with our financial statements presented. Unless otherwise indicated, all amounts are expressed in Jamaican dollars and have been primarily derived from our financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

Corporate Overview

Our organisation operates within the commercial banking and financial services industry in the Caribbean.

We provide retail consumers, small- and medium-sized enterprises ("SMEs"), large corporations and government institutions with banking, wealth management, life & general insurance and pension fund management products & services. Founded more than 175 years ago, we provide banking, insurance, investments, structured & trade finance, wealth management, pension fund management, and trust services through more than 40 branches and locations. We also offer selected transactions such as bill payments, transfers, and enquiries at over 250 automated banking machines (ABMs). In addition, there are self-service options at financial kiosks and intelligent ABMs in our Bank on the Go locations and on the Internet (www.jncb.com).

We are Jamaica's largest banking and financial services group, based on consolidated total assets at September 30, 2015. National Commercial Bank Jamaica Limited is a licensed commercial bank, which is regulated and supervised by the Bank of Jamaica. NCB Capital Markets Limited (NCBCM) is a licensed securities dealer, investment advisor and unit trust management company regulated and supervised by the Financial Services Commission. NCB Insurance Company Limited (NCBIC) is a licensed life insurance company, and an investment manager and pension administrator regulated and supervised by the Financial Services Commission. Advantage General Insurance Company Limited (AGIC) is a licensed general insurance company regulated and supervised by the Financial Services Commission.

Following the establishment of NCB Global Finance Limited in Trinidad and Tobago, we incorporated a new wholly owned subsidiary located in Barbados in May 2015. This subsidiary, NCB Capital Markets (Barbados) Limited, received a securities license from the Barbados Financial Services Commissions on September 22, 2015. NCB Capital Markets (Barbados) Limited is our investment banking hub for the eastern Caribbean and the establishment of this subsidiary is consistent with our strategy to diversify and grow revenues through regional expansion.

The National Commercial Bank Jamaica Limited trades under the symbol "NCBJ" on the Jamaica Stock Exchange and Trinidad & Tobago Stock Exchange.

Extract from the Jamaican financial services industry

Financial system structure[1]		
(in billions, except percentages and number of institutions)		
Commercial banks - at June 30, 2015[2]		
Number of institutions - commercial banks	6	
Total assets	852.0	
Commercial banks percentage market share of total BOJ licensees included in annual prudential indicators	76.4%	
Extract from the commercial banking industry data[3]		
Market share in the commercial banking industry		
	National Commercial Bank Jamaica Limited	Commercial banking industry ($'B)
Market share by assets	**42.3%**	852.0
Market share by deposits	**37.8%**	543.0
Market share by loans, advances & discounts (net)	**42.2%**	377.3
Insurance regulated industry - at June 30, 2015[4]		
Number of registered institutions - life insurance industry	7	
Number of operational institutions - life insurance industry	6	
Total assets	271.7	
NCBIC percentage market share of assets in life insurance industry	14.9%	
Insurance liabilities	82.6	
NCBIC percentage market share of insurance liabilities in life insurance industry	33.1%	
Number of registered institutions - general insurance industry	10	
Number of operational institutions - general insurance industry	9	
Total assets	66.3	
AGIC percentage market share of assets in general insurance industry	19.6%	
Insurance liabilities	36.9	
AGIC percentage market share of insurance liabilities in general insurance industry	21.2%	
Licensed dealers/securities firms industry - at June 30, 2015[5]		
Number of licensed institutions - securities dealers	44	
Number of licensed institutions - securities dealers with core business dealing in securities	33	
Total assets	528.1	
NCBCM percentage market share of assets in securities dealers industry	18.8%	
Total funds under management (FUM)	856	
NCBCM percentage market share of FUM in securities dealers industry	8.9%	
Total funds under management (FUM) - unit trust management companies[6]	120.5	
NCBCM percentage market share of unit trusts[7]	14.1%	

(1) Financial sector assets are not consolidated
(2) Bank of Jamaica - Annual Prudential Indicators of Commercial Banks, Licensees under The Financial Institutions Act (FIA) & Building Societies as at 30 June 2015
Bank of Jamaica - Unaudited Assets & Liabilities of Commercial Banks as at 30 June 2015
(3) Financial Services Commission of Jamaica - Industry Statistics as at June 2015 published in FSC Compass volume 7 - issue 3 - June & September 2015
Licensed dealers are regulated and supervised by the Financial Services Commission of Jamaica - Industry Statistics as at June 2015 published in FSC Compass volume 7 - issue 3 - June & September 2015
(4) Unit Trust industry statistics at March 31, 2015 - Financial Services Commission of Jamaica - Industry Statistics as at June 2015 published in FSC Compass volume 7 - issue 3 - June & September 2015
(5) NCBCM launched its unit trust products in December 2013 and was third in the industry as at March 31, 2015.

Our Financial Snapshot

Performance Measurement

We continue to actively measure our key performance indicators against local and international benchmarks and internal targets. We have monitored our strategy using the balanced scorecard, which contains both financial and non-financial measures covering areas that are important to all stakeholders including customers, employees, communities and shareholders. Each year is analysed in the context of our overall strategic goal to be a top financial services organisation in the Caribbean by 2016.

Our financial measures include quantitative targets for net profit, revenue, core balance sheet portfolios, return on assets, return on equity, market share, capital management and strength, risk management, and operating efficiency. Our non-financial targets include objectives in the areas of sales effectiveness, customer service, innovation, product penetration, customer satisfaction, customer loyalty, employee satisfaction, employee engagement, efficiency improvements, optimising our branch network, regional expansion, corporate social responsibility, community involvement, and corporate governance.

We monitor our performance as frequently as is required to proactively respond to changes in our environment. We couple these performance reports with forward looking projections to ensure prudent and timely decision making. Additionally, we do forecasting and planning to assist the leadership team to effectively manage the business. We actively pursue our strategic imperatives and review outcomes using defined strategic measures to ensure alignment with the overall mission of the organisation.

TABLE 1: SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in millions, except per stock unit amounts)	2010	2011	2012	2013	2014	**2015**	**% Change Financial Year 2015 vs. Financial Year 2014**	**Five-year compounded annual growth rate (CAGR)**
Consolidated Income Statement								
Net interest income	20,650	21,151	21,784	23,559	24,661	**25,964**	5%	5%
Non-interest income	8,774	13,521	12,763	14,407	18,593	**21,509**	16%	20%
Operating income	29,423	34,672	34,547	37,966	43,254	**47,473**	10%	10%
Staff Costs	9,253	9,240	9,756	11,227	11,524	**11,942**	4%	5%
Provision for credit losses	948	769	2,463	2,066	2,227	**1,799**	(19%)	14%
Non-interest expenses	5,935	9,175	10,148	14,483	15,586	**17,730**	14%	24%
Net profit	11,075	13,885	10,046	8,579	12,327	**12,302**	(0%)	2%
Earnings per stock unit ($)	4.50	5.64	4.08	3.49	5.01	**5.00**	(0%)	2%
Dividends paid per stock unit ($)	1.90	1.36	1.10	1.11	1.18	**2.31**	96%	4%
Consolidated Statement of Financial Position (at year end)								
Investment securities	200,133	204,748	210,654	234,437	264,171	**275,988**	4%	7%
Net loans	85,995	91,728	111,905	141,150	157,630	**165,405**	5%	14%
Total assets	334,970	359,618	379,436	446,575	499,345	**523,815**	5%	9%
Customer deposits	144,283	155,800	162,930	178,411	202,162	**227,851**	13%	10%
Repurchase agreements	85,293	84,075	101,890	117,377	134,691	**100,004**	(26%)	3%
Liabilities under annuity and insurance contracts	20,406	23,564	25,194	33,915	34,231	**34,689**	1%	11%
Equity	48,808	61,977	65,896	72,517	81,846	**88,394**	8%	13%

TABLE 2: KEY RATIOS AND PER STOCK UNIT DATA

	Year ended September 30,		
	2013	2014	**2015**
Profitability ratios			
Return on average total assets	2.08%	2.61%	**2.40%**
Return on average equity	12.40%	15.97%	**14.45%**
Cost to income ratio	67.49%	62.21%	**62.34%**
Capital ratios			
Risk-based capital adequacy ratio (Bank)	12.58%	12.94%	**12.72%**
Capital to risk weighted assets (NCB Capital Markets)	20.90%	28.60%	**35.30%**
Solvency ratio (NCB Insurance)	36.30%	42.90%	**47.50%**
Minimum capital test (Advantage General Insurance)	251.71%	330.48%	**341.00%**
Equity to total assets	16.24%	16.39%	**16.88%**
Per stock unit data			
Dividend payout ratio (based on payment date)	31.90%	24.95%	**46.20%**
Dividend yield	5.84%	6.58%	**8.39%**
Book value	J$29.24	J$33.25	**J$35.91**
Market Price - Jamaica Stock Exchange (JSE)			
High	J$25.95	J$19.50	**J$31.02**
Low	J$16.02	J$15.55	**J$17.00**
Year end	J$19.00	J$17.94	**J$27.52**
Market Price - Trinidad and Tobago (TTSE)			
High	TT$1.65	TT$1.18	**TT$1.95**
Low	TT$1.10	TT$0.97	**TT$0.98**
Year end	TT$1.13	TT$1.00	**TT$1.63**

Financial Performance Review

We have successfully navigated the adverse financial climate during the 2015 financial year and continue to focus on executing a number of initiatives designed to improve our prospects of growing in the future. Our financial performance in 2015 has been admirable in a year characterised by tight fiscal management and low economic growth. We have experienced growth in our asset base coupled with increased operating income. Over the last four years we have been focused on executing our 5 in 5 strategy (to become one of the top five financial services institutions in the English and Spanish speaking Caribbean, within five years) which required our seeking opportunities to allow us to deliver superior customer experience, while managing our costs. This has fostered the growth we have experienced in our business. For the year ended September 30, 2015 we recorded net profits of $12.3 billion and our assets grew to $524 billion as at September 30, 2015. We had a return on average equity of 14.5%, a return on average total assets of 2.4% and a dividend yield of 8.4%.

Our Operating Environment

FY2014/15 was filled with highs and lows some of which caught the financial market off guard.

The year was characterized by commitments by governments to implement measures to drive growth in their respective economies including maintaining low interest rates, employing accommodative monetary policy measures and/or devaluing currencies to boost exports. Further, mixed economic data resulted in wide-scale volatility in asset prices and commodity prices tanked.

In developed markets, the US took the lead among advanced economies and generally positive economic data prompted speculation that the Federal Reserve would begin normalizing monetary policy by increasing interest rates by the end of 2015. However, the euro bloc continued to endure economic weakness and was faced with near fallout with the prospect of Greece possibly exiting the Eurozone ("Grexit") given its inability to repay International Monetary Fund (IMF) and European Central Bank (ECB) loans that became due. However, the crisis was averted with another bailout package.

Emerging economies had their own challenges ranging from slowing growth in China to economic turmoil in Venezuela which placed the sustainability of the PetroCaribe agreement in question. Chinese officials decided to shift from a fixed to floating exchange rate regime given the decline in exports and broader economic activity. While embattled oil-producer Venezuela accepted steep discounts on Petro-Caribe debt owed by Dominican Republic and Jamaica in exchange for much needed cash given the decline in oil prices and its own economic woes.

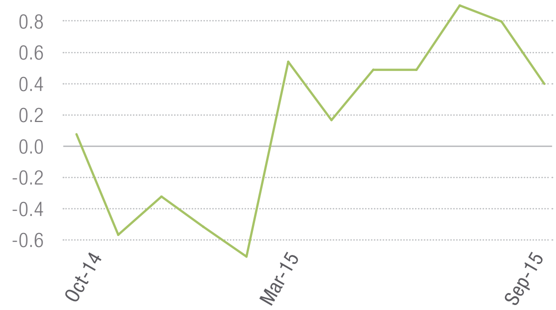
It was a mixed year for the Jamaican economy which, despite challenges including the Chikungunya virus (Chik-V) and prolonged drought conditions, continued to do well under the IMF programme. The virus adversely impacted the labour market through increased absenteeism and a reduction in productivity levels. The prolonged drought led to a contraction in economic output in the Agricultural sector and also continues to hamper productivity due to tightening water restrictions. Despite these setbacks, confidence in the local economy continued to improve following success in meeting performance targets and passing the ninth test under the Extended Fund Facility (EFF). These strides were acknowledged on by Standard & Poors (S&P) Ratings Services when it raised the 'B-' credit ratings on Jamaica to 'B' with a stable outlook.

Local Economy

The local economy was hampered at the start of our financial year by the effects of the Chick-V outbreak and weather related challenges. The virus negatively impacted the labour market through increased absenteeism and a reduction in productivity levels. At the same time, severe drought conditions that have also stricken several Caribbean islands also dampened local economic activity, in particular, the Agriculture sector. As a result the Goods Producing sector declined by 0.3% decline in our first quarter. However, the Services industries fared better as Hotel and Tourism registered robust growth given improvement in the economies of Jamaica's main source markets - US and Canada. Transport, Storage and Communications and Other Services also provided support and was enough to offset the effects of the drought in the second and third quarter. The economy grew by 0.3% and 0.8% in March and June quarters, respectively.

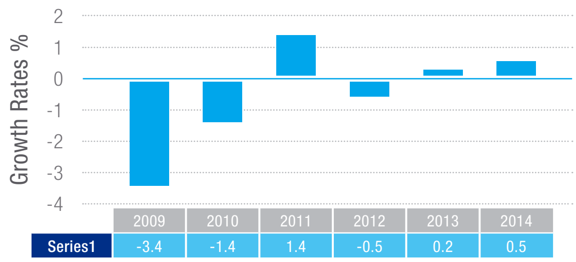
Short term prospects are favourable, as the Planning Institute of Jamaica (PIOJ)projects economic growth between 1% and 2% in the September quarter. The IMF projects that the country's economic growth will reach 2% for the full 2015 calendar year, driven by

INFLATION

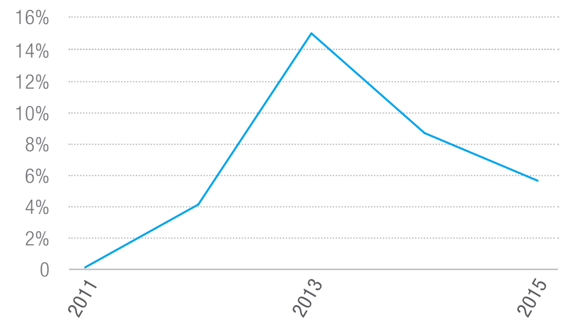


EXCHANGE RATE DEPRECIATION

5 YEAR GDP GROWTH RATES



EXCHANGE RATE MOVEMENT OVER LAST 5 YEARS



stronger tourism activity, recovery in the agricultural sector, and higher mining and manufacturing output. Ongoing road rehabilitation work and hotel expansion should continue to impact the construction industry favourably. At the same time, heightened confidence levels following successive passing of IMF tests, stable consumer prices and the recent lowering of BOJ benchmark rates should provide the right conditions for growth. However, there is the risk that drought conditions will not only weigh on activity in the Agricultural sector but also affect other business activities. In recent times, some businesses have lost valuable production hours as a result of the drought.

Fiscal

Fiscal performance in FY 2014/15 was broadly satisfactory, but the underperformance of tax revenues relative to budget was a persistent challenge throughout the year. Tax revenues were 3.5% short of budget due to lower receipts from international trade, production and consumption and income and profits. Despite this, a 4.6% cut in expenditures helped the government to stay on track with its deficit targets. The fiscal deficit stood at $7,270.8Mn which was better than the projected deficit of $11,394.1Mn. Provisional estimates showed a primary surplus of 7.5% of GDP in the 2014/2015 fiscal year, following a similar result a year earlier. The nominal primary balance was $117.2Bn as at March 2015, which fell short of the $121.3Bn target set by the IMF. The missed quantitative target for the March quarter was waived as the Fund was satisfied with the government's progress and commitment with respect to structural benchmarks. Midway the EFF program, GOJ has so far passed all 9 quarterly reviews . These positives were acknowledged by Standard & Poors (S&P) Ratings Services on June 3, 2015, when it raised the 'B-' credit ratings on Jamaica to 'B' with a stable outlook.

To strengthen the tax system, new tax measures were introduced in the FY 2015/16 budget to support revenues. Thus far, the introduction of J$10.3Bn in additional taxes and measures to strengthen revenue collection have had a positive impact on receipts as tax revenues have exceeded budget in each month since the start of the new fiscal year. For the year to July, tax revenues were 2.4% higher than budget. With expenditure running 5% below target, the government remains ahead of both its fiscal deficit and primary balance targets.

On July 23rd 2015 the GOJ issued US$2Bn in global bonds. This was the largest bond issue via a single transaction window. The offer included $1.35Bn 6.75% bonds due 2028 and also $650Mn 7.875% bonds due 2045. The proceeds from the offer were used to pay down debt owed to Venezuela's state-owned oil company, Petroleos de Venezuela (PDVSA) under the PetroCaribe program. The agreement saw Jamaica buying back US$3.25Bn of its PetroCaribe debt at a discounted price of US$1.5Bn. One of the most significant outcomes of the deal is the reduction in Jamaica's debt to GDP ratio by 10.4 percentage points to 126.7% of GDP. The deal is considered significant as it will place the country on an accelerated path towards achieving its debt to GDP target under the IMF agreement of 96% by March 2020. When higher interest cost and the savings of US$1.76Bn in principal are considered, there is an estimated net savings of US$250Mn.

Inflation

Despite drought conditions for much of the period, point-to-point inflation stood at 3.8% as at July 2015, the lowest in more than 43 years. Lower price for oil on the international market was one of the main drivers of slower movement in consumer prices. For the calendar year to July consumer prices have increased by just 1.4%. The Consumer Price Index declined for four consecutive months, November 2014 to February 2015, due to lower prices for vegetables, lower rates for water and sewerage and a reduction in the cost of electricity.

Our Operating Environment

CONT'D

However during the month of July, the impact of the drought became more evident as the, 'Food and Non-Alcoholic Beverages' division, recorded the largest movement, 2.2%. Contributing mainly to this increase was the 'Vegetables and Starchy Foods' index which moved up by 9.7%. The division 'Housing, Water, Electricity, Gas and Other Fuels' also recorded an increase of 1.0% due mainly to higher rates for electricity, water and sewage. The index for 'Transport', however, recorded a decrease of 2.7%, which tempered the upward movement of the overall index.

The outlook for inflation is that consumer prices should see sharper increases in the first half of our new financial year. This expectation is driven by rising food prices as drought conditions persist. This should however be tempered by still relatively weak local demand and continued decline in commodity prices. Crude oil prices are expected to stay below $60 a barrel through to next year as the market struggles to recover from a supply glut. As such, inflation should remain within BOJ's fiscal year target of 5.5% to 7.5%.

Interest Rates

JMD market liquidity was tight for most of the financial year which necessitated added liquidity support measures by the BOJ through its lending operations such as the Standing Liquidity Facility (available to Banking Institutions) and Bi-Monthly Repo Operations. Tight market conditions led to elevated broker market rates particularly in the last quarter of 2014.

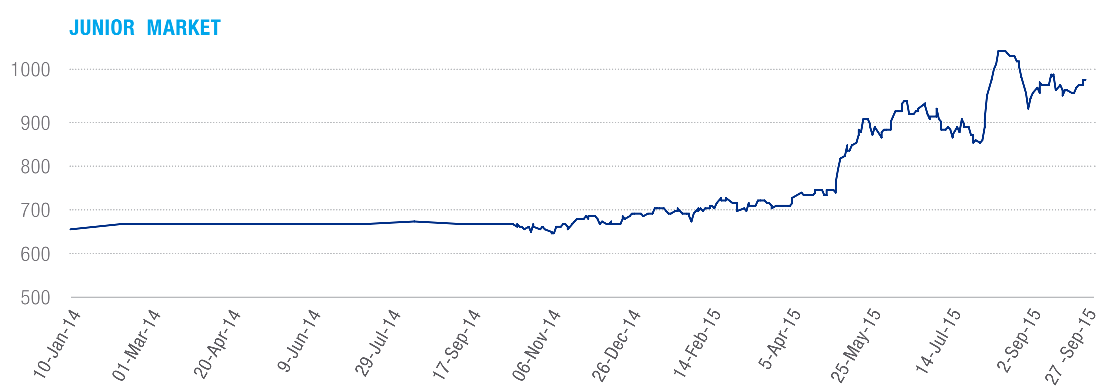
However other factors such as lower inflation expectations paved the way for the BOJ to reduce its signal rate twice during the year. The rate on the benchmark 30-day Certificate of Deposit was reduced from 5.75% to 5.50% in April 2015 and a further reduction to 5.25% in August. This is the lowest policy rate since Jamaica adopted liberalised financial market practices a quarter century ago. The BOJ also lowered the rate on the Standing Liquidity Facility (SLF) by 25 basis points to 8.50%, while the rate on the Bank's Bi-monthly repo operations declined from 8.25% to 8%. The move to lower the benchmark rate was predicated on several factors including the continuation of subdued international oil prices and reduced inflation expectations. The decision was also supported by improvements in the country's NIR and current account balance. The Central Bank noted that the perceived risks related to the sovereign have been trending downwards given a more favorable debt ratio, and positive movement in other external indicators.

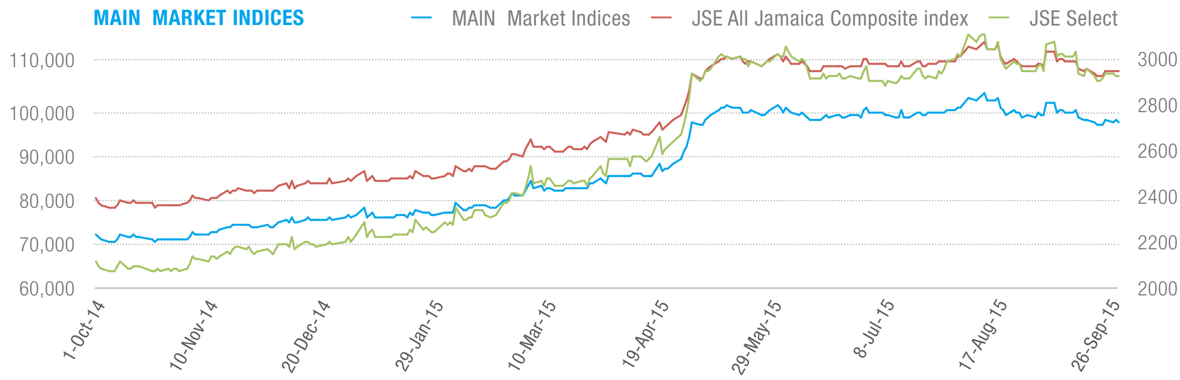
Within this context it is likely that short term market rates such as T-Bill yields will decline further. Since October 2014, 90day T-Bill yields have fallen by 40 basis points (bps) to 6.35%, while 180day T-Bill yields have declined by 14bps to 6.49%. It is possible that the BOJ could further reduce its signal rate next year as market liquidity improves, following the maturity of the J$62Bn GOJ 2016 bond. Additionally, the government appears to have prefunded its financing needs with the recent global bond issue and the influx of liquidity from the maturing issue in early 2016 could send market rates lower.

Exchange Rate

The depreciation of the currency slowed significantly relative to the prior year period. From October 1 2014 to September 8th 2015, the currency lost 5.6% relative to 8.6% in the previous financial year.

A significant falloff in imports relative to exports, increased investor confidence and sufficient Net International Reserves (NIR) levels helped to slow the pace of depreciation. The most recent data available showed that the current account deficit continued to improve (from 8.3% to 6.9% in fiscal year 2014/15) on the back of weaker imports. For January to March 2015 there was a current account surplus, the first quarterly surplus recorded in over 10 years (since March 2004).





At the same time, NIR rose to its highest level in July 2015 following the two bond issues and remained comfortably above the IMF target and the 12 week international benchmark for export cover throughout the year. This provided the resources for the Bank of Jamaica to make timely interventions in the foreign exchange market during periods of weak USD supplies.

Improving macroeconomic conditions and growing confidence should help to ease speculative pressures on the currency. Further, a lower import bill has reduced the demand for hard-currency. With limited external pressures, for the next financial year, the pace of exchange rate depreciation is expected to range between 4%-6% which is the inflation differential between Jamaica and its major trading partners.

Bond Market

Throughout the financial year, demand for GOJ globals remained high in light of continued low interest rates and the improving fiscal and economic outlook. A year after the issue of the new 2025 global bond, GOJ re-entered the international capital market again and successfully raised a total of US$2Bn by issuing 2028 (US$1.35Bn) and 2045 (US$650Mn) global bonds. This is the largest amount of money the government has ever raised on the international capital market and the 6.75% coupon on the 2028, is the lowest ever paid by the sovereign.

Consistent improvement in Jamaica's economic and fiscal fundamentals coupled with Jamaica's passing of its quarterly IMF reviews resulted in a general increase in the GOJ global bond prices with the exception of the 2017s. Price movements were especially strong at the beginning of 2015 with investors showing a clear preference for the mid to longer end of the curve. The 2025s, 2036s and 2039s moved up by 2.6%, 7.2% and 10.4%, respectively. The 2017s however declined by 1.6%.

In the last quarter of our financial year, the demand for emerging market debt slowed in light of the slowdown in the Chinese economy and the devaluation of the yuan. The decision to cut the yuan's value raised concerns that the Chinese government had become scared that the economy was in a far more precarious position than had been previously assumed. A slowdown in the world's second-largest economy represents one of the biggest risks to global growth. These events, coupled with the prospects for an increase in US interest rates in the near term resulted in a flight from risky assets as investors pulled approximately US$2.5Bn from emerging-market bond funds; the largest outflow of funds since January 2014. Although Emerging Market bond prices have declined across the board, issuers with strong or improving fundamentals have fared better than riskier issues. As such, it is expected that those Emerging Markets which have shown consistent improvement or stronger economic and fiscal, performances like Jamaica, will still see investor interests in their bonds.

Stock Market

Following declines across all major indices last financial year, the local stock market rebounded and has posted its most robust performance in over five years. Improvement in the outlook for corporate earnings and an increase in investor confidence were the main drivers of the strong recovery in trading activity. Consequently, during the 2014-2015 financial year, the JSE Main Index increased by 34%, while the All Jamaica Composite Index moved up by 37.6% and the Jamaica Select Index was 42.8% higher. The strong performance was not limited to the Main Market as Junior Market stocks recorded a 47.7% increase in value.

Positive earnings performances in key sectors such the manufacturing and financial sectors assisted in renewing investor interest in the equities market. The Food, Beverages & Tobacco segment of the manufacturing sector experienced some expansion thanks to a rebound in local and international demand for consumer products resulting in growth in both local and export revenues. Meanwhile, financial companies registered higher net interest income as well as an increase in fees and commission income in light of active revenue diversification. Market activity also benefitted from the merger/acquisition announcement from RJR and the Gleaner.

Two newcomers were added to the main market during 2015 - 138 Student Living Jamaica Ltd and Sterling Investments Ltd. Furthermore, several main market companies, such as Proven Investments Ltd, Kingston Properties and the Sagicor Real Estate X-Fund, also successfully raised additional capital through rights issues. These rights issues invited existing shareholders to purchase additional new shares in the company at a predetermined price, typically at a discount of the market price. Approximately $6.3Bn in total was raised from the market by way of rights issues as investors actively sought to capitalize on the discounted price offerings.

However, junior market listings have slowed since the amendment to the tax incentive which took effect January 1, 2014. Based on the reform, companies listed on the

Our Operating Environment
CONT'D

Junior Market on or after January 1, 2014 are slated to benefit from relief of 100% of income tax payable in the first five years from the date of admission to the Junior Market but would not be able to get the 50% tax relief for 5 years thereafter. However, like their main market counterparts, junior stocks rallied and registered a 47.7% increase in value, the index's strongest performance in 3 years (since 2011).

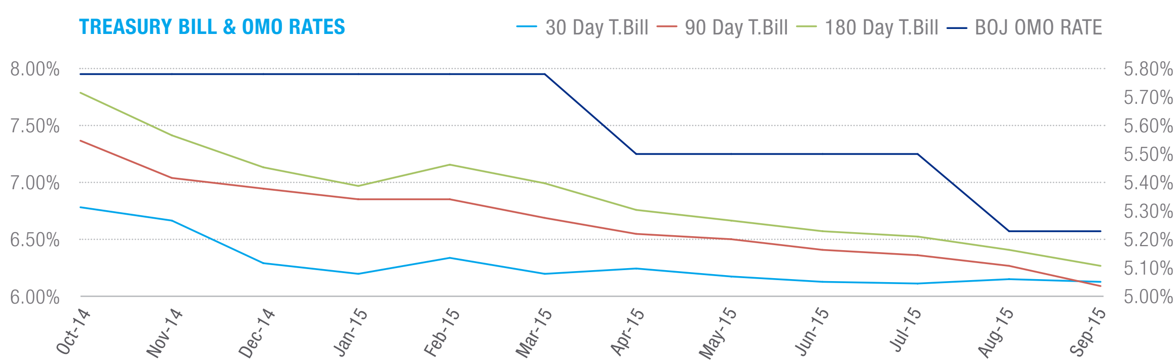
Going forward, initiatives such as the Jamaican Depository Receipt (JDR) Program which would provide investors with exposure to international equities should help to boost market activity. Additionally, the anticipated increase in liquidity in 2016 due to the maturity of a GOJ bond is likely to have a positive impact on the stock market as investors seek attractive investment opportunities to place excess funds. Continued decline in local interest rates and improvement on the economic front also bode well for increased interest in local equities.

Outlook

With global economies at various stages in the economic cycle, there has been a divergence of policy responses. Some advanced economies will continue to see growth and with that their Central Banks have begun to normalize monetary policy. However, we anticipate that the accommodative money policy will be an important policy tool in Europe. As such, the IMF projected that advanced economies will gradually expand with an increase of 2.1% in 2015 and 2.4% in 2016. In emerging markets, the Chinese Central Bank is also expected to pursue accommodative monetary policy to stave off further deceleration of growth. That said, for many emerging market economies, including countries in the Caribbean, fiscal austerity will continue be the order of the day. Growth in developing economies is projected to slow from 4.6% in 2014 to 4.2% in 2015 before rebounding to 4.7% in 2016 based on IMF forecasts.

For Jamaica, meeting the IMF targets will continue to be the main focus. The Bank of Jamaica has sought to boost economic activity, mainly by keeping interest rates low to encourage borrowing for investment by the private sector. Jamaica's macroeconomic fundamentals are strengthening and are expected to continue registering improvements in the short term. The deficit has declined and inflationary impulses are subdued. One of the positives thus far for the 2015-16 fiscal year is that tax revenues remain in line with target and expenditure remains on budget. There is also notable improvement in the current account deficit helped by lower oil prices.

Despite the improvements in the nation's overall macroeconomic profile, the labour market is still weak with persistently high unemployment rates and economic activity remains tepid. On a longer term basis stronger growth is needed to meet the ambitious targets set out under the IMF agreement and to boost employment. Further, increasing the growth momentum given the economy's vulnerabilities to external shocks and ongoing fiscal tightening will likely to be challenging going forward.



Our Financial Performance

For the 2015 financial year we recorded net profits of $12.3 billion, a marginal decrease of $25 million or 0.2% from the previous financial year.

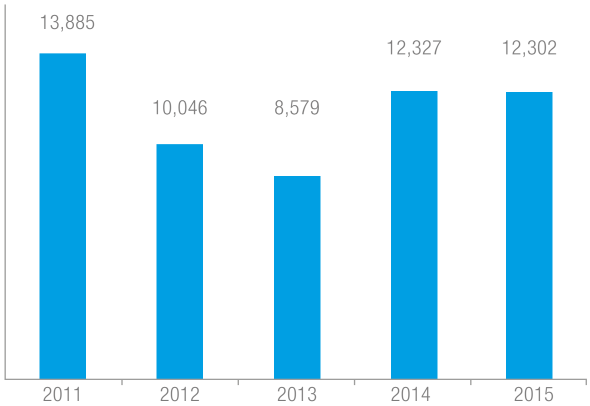
The decrease in profitability was primarily as a result of reduced share of profits of associates and the non-recurrence of one-off gains from negative goodwill on acquisition of a subsidiary and gains from the disposal of an associated company, which were realised in the previous financial year.

Operating income (net interest income and non-interest income) totalled $47.5 billion for the financial year ended September 30, 2015; an increase of $4.2 billion, or 10%, over the restated financial year ended September 30, 2014. For the period, net interest income of $26.0 billion, grew by $1.3 billion, or 5%, over the prior financial year. This was as a result of growth in our loan and investment securities portfolios. Net interest income represented 55% of operating income for the 2015 financial year, which was a reduction from the prior year's 57%. Non-interest income of $21.5 billion grew by 16% or $2.9 billion over the 2014 financial year and now represents 45% of operating income. Our focus was on strengthening the core business which translated into growth in volumes of the core balance sheet items. This, coupled with the prudent management of our net interest margins, has led to improved operating income. Our diversified business model also contributed to the growth in non-interest income through increased net fee and commission income and insurance premium income.

Operating expenses totalled $31.5 billion, a $2.1 billion, or 7%, increase over the restated 2014 financial year. We have been implementing LEAN principles to reduce costs; however, we had increased operating costs associated with our depreciation expenses related to capital investments, asset tax, and repairs & maintenance. Our initiatives to improve efficiency, productivity and performance management will continue and we expect these initiatives to positively impact customer experience as well as operating expenses over time.

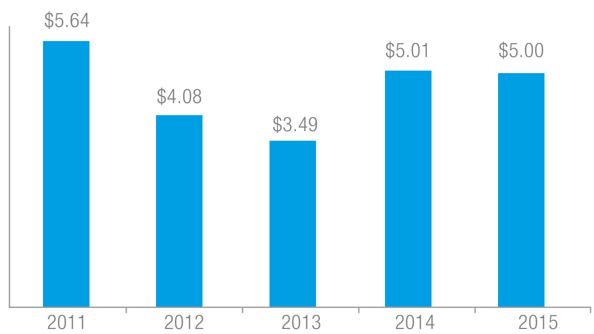
There was a change to an accounting standard which impacted the Group effective October 1, 2014. The Group adopted International Financial Reporting Interpretation Committee (IFRIC) 21 – Levies. IFRIC 21 provides guidance on when to recognise the liability for a government imposed levy. The standard has impacted the Group's treatment of asset tax. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation and is triggered in full on the first day of the reporting period. As such, asset tax is no longer eligible to be accounted for on a periodic accrual basis, but must be recorded in full when triggered. The full liability of the asset tax expense imposed by the Government of Jamaica was recorded on October 1, 2014 based on asset balances at the end of September for all entities with the exception of NCB Insurance Company Limited and Advantage General Insurance Company Limited (our insurance companies). For our insurance companies, the full liability was triggered and recorded in January 1, 2015 for asset balances at the end of December. This change required the restatement of prior periods to reflect the effect of this accounting change. Details of the restatement can be found in note 53 of the financial statements *(page 247)*.

NET PROFIT ($'M) 5 YR CAGR*-2%

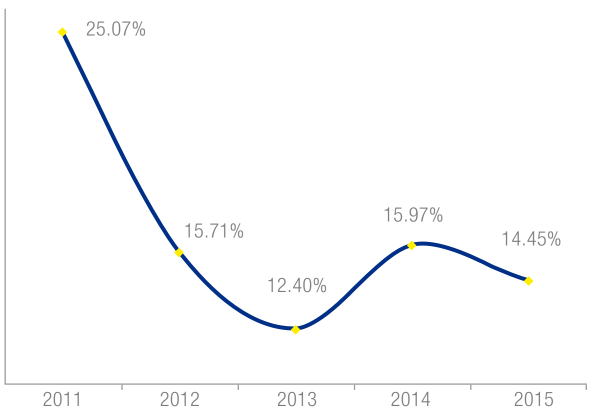


** CAGR – Compounded annual growth rate*

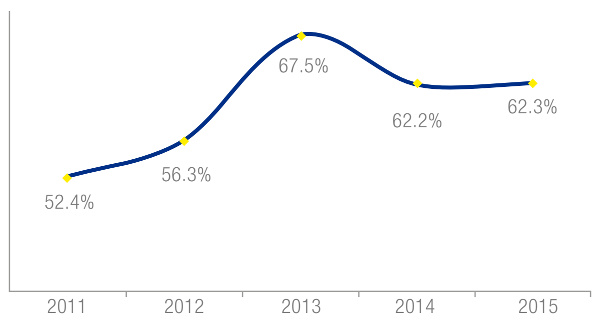
EARNINGS PER STOCK UNIT 5 YR CAGR*-2%



RETURN ON EQUITY



COST TO INCOME



Outlook

This consistent performance has been driven by a disciplined growth strategy and guided by a set of clear strategic priorities. We have had another good year, with financial results that reinforce our confidence in the strategy we are pursuing.

Our strategic plan continues to be centered around the following tenets:

- Building the customer experience leading to a competitive advantage and differentiated position.
- Strengthening of these customer relationships through innovative product offerings and service excellence.
- An effective distribution network through payments expansion and Bank-on-the-Go initiatives.
- Focus on improving efficiency and lowering costs through our core operations and technology integration.
- Continuing to look on streamlining operations to simplify the process for customers.
- Investment in people and technology to drive growth in the future.

Prudent risk management practices as well as careful management of spreads and liquidity will continue through the 2016 financial year. Our business initiatives will also continue to focus on service quality and effectiveness, technological enhancements, lean operating principles, human resource development and organizational health. These initiatives will be central to our transformation agenda which will keep us concentrated on achieving our vision and strategic objectives.

Our Financial Performance

CONT'D

Operating Segment Results

TABLE 3: SEGMENT SELECTED FINANCIAL DATA[1]

	Consumer and SME								
	Retail & SME			Payment Services			Corporate Banking		
Year ended September 30,	2013	2014	**2015**	2013	2014	**2015**	2013	2014	**2015**
Segment's Contribution of Performance (%)									
{Segment Result as a percentage of Consolidated Statement Result}									
Total revenue	32.7%	29.3%	**28.0%**	14.7%	14.8%	**15.5%**	8.4%	8.4%	**9.5%**
Net interest income	46.7%	46.0%	**44.7%**	8.3%	8.4%	**8.5%**	6.8%	6.1%	**7.9%**
Total operating income	38.3%	34.1%	**31.7%**	12.5%	12.4%	**12.3%**	5.6%	4.6%	**5.7%**
Total operating expenses	33.0%	29.0%	**28.5%**	7.2%	10.0%	**11.1%**	3.2%	3.6%	**2.2%**
Operating profit	7.8%	11.9%	**11.8%**	20.6%	12.4%	**8.5%**	8.3%	4.1%	**9.0%**
Total assets	33.9%	31.9%	**35.8%**	2.7%	3.2%	**3.0%**	13.2%	13.1%	**13.1%**
Selected Segment Performance Indicators (%)									
Cost to income ratio	85.0%	82.2%	**81.7%**	42.0%	51.8%	**61.4%**	56.7%	51.4%	**46.3%**
Operating profit as a percentage of average assets	1.0%	1.1%	**1.1%**	35.4%	12.4%	**8.5%**	2.9%	0.9%	**2.2%**
Selected Segment Financial Data (in millions)									
Total revenue	16,000	16,821	**17,156**	7,206	8,526	**9,496**	4,101	4,796	**5,824**
Total operating income	14,556	14,733	**15,069**	4,758	5,373	**5,862**	2,109	1,989	**2,700**
Net interest income	11,010	11,341	**11,617**	1,953	2,070	**2,215**	1,609	1,505	**2,053**
Non-interest income	3,545	3,392	**3,452**	2,805	3,302	**3,647**	500	484	**647**
Total operating expenses	9,175	8,513	**8,972**	1,997	2,941	**3,479**	880	1,064	**699**
Staff costs	5,237	5,226	**5,129**	313	397	**465**	246	208	**155**
Operating profit	793	1,661	**1,893**	2,098	1,727	**1,358**	850	570	**1,442**
Segment assets	151,551	159,277	**187,552**	11,839	16,082	**15,934**	58,753	65,364	**68,619**
Segment liabilities	138,952	148,264	**167,379**	7,607	10,867	**9,180**	45,753	57,183	**56,458**

(1) Segment data do not give effect to the elimination of intersegment transactions.

(2) The General Insurance results for 2013 does not represent a full year; Advantage General Insurance Company was acquired in February 2013 and as such seven and a half months of business activity were included in the consolidated results of the Group for 2013 financial year.

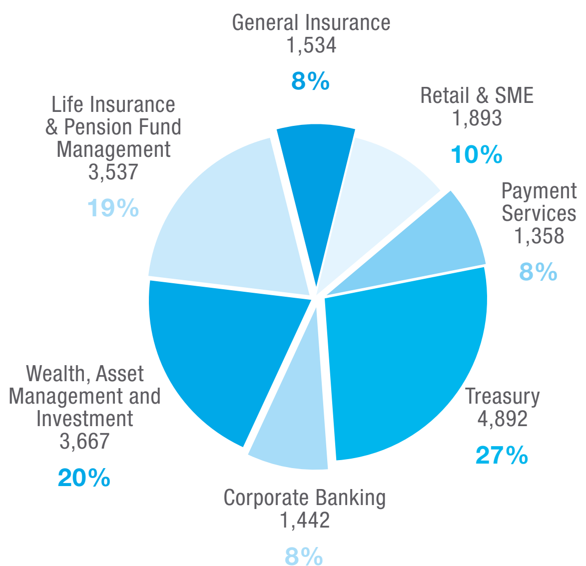
Our main business segments comprise commercial banking, life & general insurance and wealth & investment management activities. Our commercial banking segment is further broken down into consumer and small & medium-sized enterprises (SME), corporate and treasury & correspondent banking operations. Our commercial banking business is a market leader in profitability, assets, loans and deposits. For the financial year this segment contributed 53% of operating profit of the Group.

Treasury & Correspondent Banking			Wealth, Asset Management and Investment			Life Insurance & Pension Fund Management			General Insurance		
2013	2014	**2015**	2013	2014	**2015**	2013	2014	**2015**	2013[2]	2014	**2015**
16.6%	20.1%	**22.1%**	18.7%	17.5%	**15.3%**	11.3%	10.8%	**11.2%**	8.1%	10.8%	**10.5%**
13.2%	14.4%	**15.3%**	15.6%	13.9%	**12.8%**	7.2%	8.4%	**8.0%**	1.4%	2.9%	**2.8%**
7.8%	11.3%	**13.1%**	13.2%	12.1%	**11.4%**	12.0%	12.2%	**12.6%**	10.4%	14.3%	**13.5%**
3.1%	2.6%	**3.3%**	4.1%	5.1%	**5.6%**	8.5%	7.5%	**7.7%**	12.2%	16.7%	**15.5%**
18.4%	28.0%	**30.6%**	38.1%	26.9%	**22.9%**	21.3%	22.1%	**22.1%**	5.5%	9.2%	**9.6%**
31.2%	33.9%	**32.4%**	28.5%	26.5%	**27.3%**	8.0%	7.6%	**7.7%**	2.3%	2.3%	**2.5%**
36.4%	20.6%	**21.1%**	20.9%	24.8%	**31.7%**	52.1%	41.7%	**40.0%**	85.9%	79.2%	**76.0%**
2.7%	2.5%	**2.9%**	6.1%	2.9%	**2.7%**	12.1%	8.3%	**9.0%**	5.3%	11.6%	**12.3%**
8,140	11,558	**13,503**	9,130	10,053	**9,372**	5,536	6,226	**6,865**	3,950	6,174	**6,399**
2,945	4,900	**6,203**	5,015	5,233	**5,434**	4,540	5,283	**5,960**	3,950	6,174	**6,399**
3,119	3,543	**3,967**	3,675	3,425	**3,315**	1,690	2,060	**2,072**	318	712	**731**
(174)	1,358	**2,236**	1,340	1,809	**2,120**	2,850	3,223	**3,888**	3,632	5,461	**5,668**
856	776	**1,040**	1,134	1,493	**1,767**	2,366	2,203	**2,423**	3,393	4,890	**4,865**
129	135	**149**	429	567	**629**	482	516	**711**	453	788	**833**
1,874	3,892	**4,892**	3,881	3,740	**3,667**	2,173	3,081	**3,537**	557	1,284	**1,534**
139,239	169,366	**169,491**	127,198	132,483	**142,935**	35,865	38,000	**40,550**	10,420	11,641	**13,275**
127,611	148,713	**159,503**	110,512	112,162	**120,704**	26,690	26,908	**27,828**	7,432	7,747	**8,455**

Our Financial Performance

CONT'D

SEGMENT PERFORMANCE 2015 - OPERATING PROFIT ($'M)



Consumer & SME

The Consumer and SME segment includes our Retail and SME Banking and Payment Services businesses. This incorporates the provision of banking services to individuals and small & medium sized (SME) business clients and card related services.

Retail & SME

We reported operating profit for the segment of $1.9 billion, an increase of 14%, or $233 million. The external revenue for this segment was $14.7 billion which grew by 2% or $296 million over the 2014 financial year. We have continued to focus on sales and service effectiveness as well as lending expansion which resulted in 6% or $5.1 billion growth in the loan portfolio and an increase in the volume of interest and fee and commission income. Net interest income for the segment grew by 2%, or $276 million, to $11.6 billion. We experienced growth in the consumer loan and SME/business loan portfolios of 4% and 3%, respectively. The consumer portfolio represents 62% of the Retail & SME portfolio. The higher loan volumes coupled with increased transactions processed through our electronic channels such as wire transfers, resulted in net fee and commission income growing by 3%, or $95 million. Total operating expenses of $9.0 billion increased by 29%, or $459 million which was driven by technical consultancy charges incurred in the implementation of strategic initiatives and increased asset taxes. Allocated costs from support units decreased by 8% or $356 million.

Payment Services

Our Payment Services segment reported operating profit of $1.4 billion, a decrease of 21%, or $369 million. This segment had improved revenue performance of 9%, however due to the pursuit of our payments innovation strategy we faced increased technology and support costs directly related to the changing business environment required to protect our customers in the Card Issuing and Acquiring businesses. The external revenue of $9.5 billion grew by 11%, or $971 million, over the prior year. Key drivers of the growth in revenue were interest and net fee and commission income. Net interest income for the segment grew by 7% or $145 million due to growth in the credit card receivables portfolio; interest income improved by 11%, or $354 million. Net fee and commission income increased by 10%, or $344 million, mainly due to increased card usage. Total operating expenses of $3.5 billion increased by $537 million or 18%. This was mainly as a result of increased technology costs stemming from system upgrades and product improvements, advertising and marketing expenses, higher amounts paid for cash rebates and loyalty programmes to customers, increased loan loss provisions, increased staff costs and depreciation costs.

Corporate Banking

Our Corporate Banking segment, which offers banking services to large corporate clients, achieved $1.4 billion in operating profits for the financial year, an improvement of 153% or $872 million over the 2014 financial year. The increased profitability was due to increased loan and net fee and commission income directly related to the growth in the loan portfolio. External revenue increased by 22%, or $1.0 billion to $5.8 billion. Net interest income grew by 36% or $548 million to $2.1 billion. Interest income grew by $861 million or 20%, while interest expenses increased by $313 million or 11%. Total operating expenses of $699 million decreased by 34% or $365 million primarily due to a reduction in loan loss provisions booked in the 2015 financial year.

Treasury and Correspondent Banking

Our Treasury and Correspondent Banking segment incorporates the Bank's liquidity and investment management functions, management of correspondent bank relationships and relationships with other financial institutions as well as foreign currency dealing activities. This segment continued to be the largest contributor to operating profit recording $4.9 billion, an increase of 26%, or $1.0 billion. External revenue earned by this segment grew by 13% or $1.1 billion to $9.6 billion. In the current environment of contracting spreads, prudent treasury management minimised potential losses through robust monitoring of our net interest margins. Net interest income increased by 12%, or $424 million, over the prior financial year; interest income grew by $1.1 billion or 10% due to growth in the investment securities portfolio, while interest expenses went up by $641 million or 10%. Gains on foreign currency and investment activities grew by 109% or $931 million stemming from increased market activity and the depreciation of the Jamaican currency against the major trading counterparts. Total operating expenses were $1.0 billion, an increase of $263 million or 34%, primarily due to increased asset tax for this segment.

Wealth, Asset Management and Investment

Our Wealth, Asset Management and Investment segment consists of stock brokerage services, securities trading, investment management and other financial services, including those provided by overseas subsidiaries in the Cayman Islands, Trinidad & Tobago and Barbados. This segment includes our investment banking hub in Barbados which commenced activity in September 2015. This segment contributed $3.7 billion to operating profit, representing a marginal decline of 2%, or $73 million, from the 2014 financial year. External revenue of $8.6 billion decreased by 4%, or $397 million. Net interest income declined by 3%, or $110 million and net fee and commission income grew by 166% or $355 million. This was as a result of the shift in business model from repurchase agreements offerings to unit trust products which are fee based. There was also an uplift in corporate finance activities and transactions in the 2015 financial year. Operating income for the segment grew by 4% or $201 million. Total operating expenses of $1.8 billion grew by 18%, or $274 million, and this was as a result of an increase in technical consultancy charges due to the implementation of strategic initiatives and regional expansion activities, asset tax and advertising and marketing costs.

Life Insurance and Pension Fund Management

Our Life Insurance And Pension Fund Management segment incorporates the results of the life insurance, pension, and investment management services of the Group. This segment has experienced tremendous growth over the past few years. For the 2014 financial year this segment earned operating profits of $3.5 billion, an increase of $456 million or 15%. Our group-wide focus on our underlying strategic pillars in the last four years resulted in improved performance in this business segment. External revenue of $6.7 billion grew by 11%, or $659 million. Premium income was the main contributor to the growth in revenues, increasing by $501 million or 25%, due to growth in life insurance and annuity contracts. There was also growth in all other income lines. Total operating expenses of $2.4 billion increased by 10% over the prior year. Staff costs, asset tax, marketing and technical consultancy charges increased, which were partially offset by policyholders' and annuitants' benefits and reserves, which decreased by 41% or $500 million mainly as a result of changes in the actuarial assumptions related to interest rate levels and modifications in the tax regime for life insurance contracts.

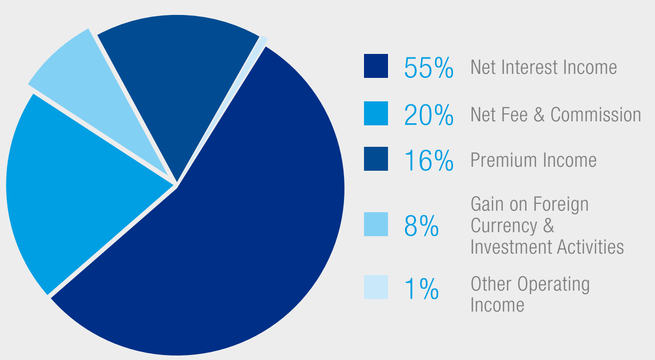
General Insurance

Our General Insurance business segment incorporates the results of general insurance, which includes property and casualty insurance. This segment achieved operating profits of $1.5 billion, which was an improvement of $250 million or 19% over the 2014 financial year. External revenue earned of $6.2 billion, increased by 1% or $83 million over the prior year. Premium income of $5.4 billion grew by $157 million or 3%. Net fee and commission income increased by 19% or $30 million. Total operating expenses were $4.9 billion, which represented a decline of 1% or $25 million.

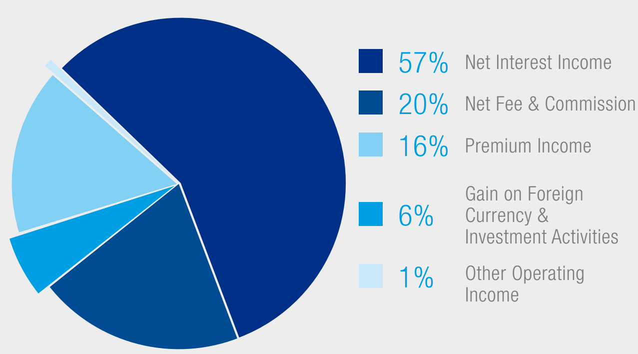
Operating Income

Operating income is composed mainly of net interest income, net fees & commissions, gains on foreign currency and investment activities, insurance premium income and dividends. Total operating income totalled $47.5 billion which grew by 10% or $4.2 billion over the financial year ended September 30, 2014. Gross income, which consists

Income MIX FY 2015



Income MIX FY 2014



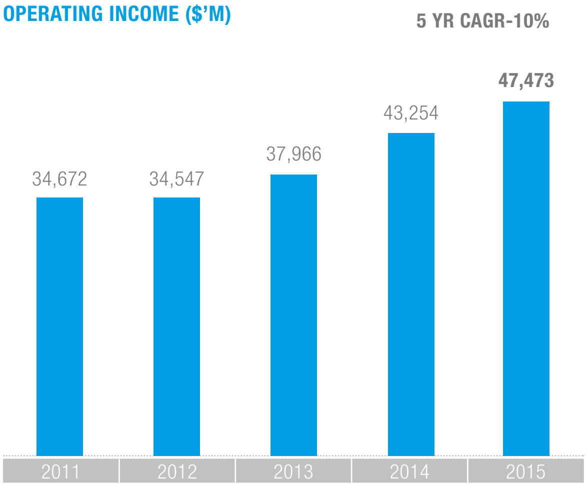
Our Financial Performance

CONT'D

of operating income excluding interest and fee and commission expenses, was $61.2 billion, an increase of $3.8 billion or 7%.

Net interest income continued to be the largest contributor to operating income, accounting for 55% of operating income, down from 57% in the 2014 financial year. Net fee and commission income accounted for 21% of operating income and premium income accounted for 16% of operating income. These three income items accounted for majority of the revenue earned by the Group.

OPERATING INCOME ($'M)



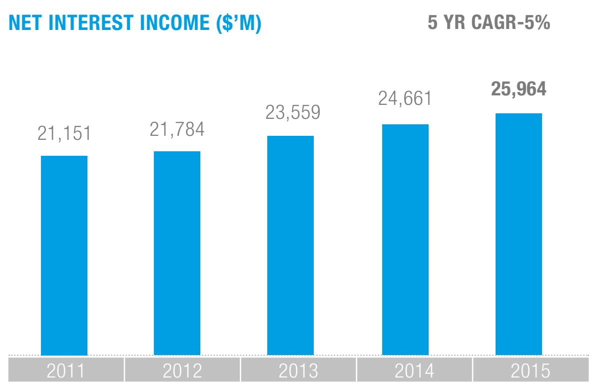
Net Interest Income

The Group's net interest income totalled $26.0 billion for the 2015 financial year, an increase of $1.3 billion, or 5%, over the 2014 financial year.

- Interest income from loans grew by $1.2 billion, or 6%. This increase was due to the 7% growth in our loan portfolio, when compared to the prior year. Our Corporate Banking loan portfolio accounted for 54% of the loan growth over the prior year. Our Retail & SME and Payment Services segments accounted for 18% and 17% of the portfolio growth, respectively. There was a reduction of 12 basis points in loan yields; however, the increased income from the volume growth outweighed the negative impact of the reduction in rates.
- Interest income from investment securities declined by $597 million or 3%. The 2015 financial year continued to be characterised by an overall reduction in average yields on investments during the twelve month period, which offset the positive volume growth from the increases in the portfolio.
- Our interest expense costs decreased by $717 million, or 6%, which was due to a reduction in the average costs paid on interest-bearing liabilities. The increase in funding balances, primarily customer deposit and securitisation arrangement balances resulted in higher interest expenses which were partially offset by lower costs paid on interest-bearing liabilities.

Our operating environment is constantly evolving, however we aim to effectively manage our net interest margins through portfolio re-assessment and rebalancing as is required. As spreads shrink in the current economic environment, we will continue to focus on growing the volumes in our core business lines while managing the cost and mix of funding.

NET INTEREST INCOME ($'M)



Non-Interest Income

Our non-interest income was $21.5 billion having grown by $2.9 billion, or 16%, over the 2014 financial year primarily due to the following:

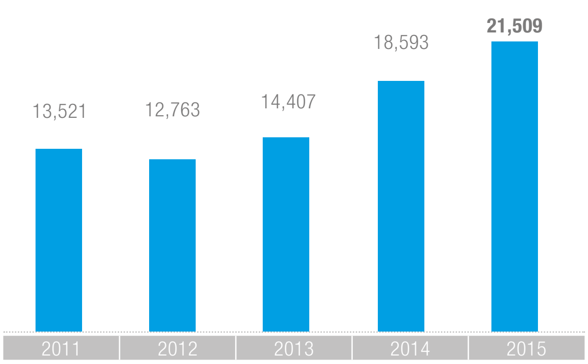
- Premium income amounted to $7.6 billion, having increased by $644 million, or 9%.
- Gains on foreign currency and investment activities increased by $1.2 billion or 45%. The improved performance was due to higher levels of gains from the sale of debt securities and foreign exchange actually compared to the prior year.
- Net fee and commission income grew by $1.1 billion or 13%. Our Payment Services Unit was the main contributor to this growth through increased point-of-sale (POS) and E-commerce commissions and credit card related fees which were volume and transaction driven.

Net fees and commissions continued to be the largest contributor to non-interest income and accounted for 45%

of the total, down from 47% in the 2014 financial year. Premium income is next largest contributor to non-interest income contributing 36%, down from 38% in the 2014 financial year.

NON-INTEREST INCOME ($'M)

5 YR CAGR-20%



NON-INTEREST INCOME

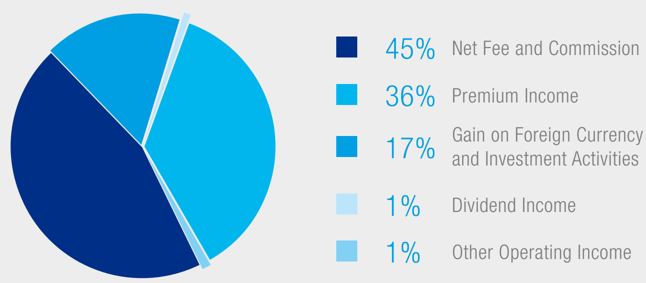


TABLE 4: NON-INTEREST INCOME	2015 $'M	% of Total	2014 $'M	% of Total
Net Fee and Commission	9,787	45.49%	8,667	46.61%
Premium Income	7,642	35.53%	6,998	37.64%
Gain on Foreign Currency and Investment Activities	3,753	17.45%	2,593	13.94%
Other Operating Income	201	0.93%	175	0.94%
Dividend Income	126	0.59%	161	0.86%
Total	**21,509**	**100.00%**	**18,593**	**100.00%**

TABLE 5: FEE AND COMMISSION INCOME	2015 $'M	% of Total	2014 $'M	% of Total
Payment Services fees	5,830	48.68%	5,163	48.72%
Retail and SME fees	3,333	27.83%	3,294	31.08%
Life Insurance and Pension Management fees	1,130	9.43%	1,064	10.04%
Corporate Banking fees	615	5.14%	445	4.20%
Wealth Management fees	570	4.76%	213	2.01%
Treasury & Correspondent Banking fees	257	2.15%	202	1.91%
General Insurance	188	1.57%	158	1.49%
Other	54	0.45%	58	0.55%
Total	**11,977**	**100.00%**	**10,597**	**100.00%**

Our Financial Performance

CONT'D

Operating Expenses

Operating expenses for the 2015 financial year totalled $31.5 billion, an increase of 7%, or $2.1 billion over the restated prior financial year.

- Other operating expenses increased by $2.5 billion or 25% and the major variances were:
    - Irrecoverable general consumption tax and asset tax expenses grew by 77% or $1.1 billion. Asset tax accounted for 73% of this increase, up by $816 million, due to an increase in the tax rate from 0.14% to 0.25% coupled with growth in our asset base.
    - Technical, consultancy and professional fees increased by $446 million or 46% over the prior year. This increase was related to fees incurred in implementing our strategic initiatives.
    - Marketing, customer care, advertising and donations grew by 52% or $489 million.
- Staff costs increased by $419 million, or 4%, mainly due to increases in salary and allowances and benefits for staff.
- Provisions for credit losses decreased by 19%, or $428 million, due to reduced provision expenses in our Corporate Banking and Retail & SME business segments.
- Policyholders' and annuitants' benefits and reserves decreased by $522 million or 12% from the 2014 financial year. This decline was primarily due to changes in the actuarial assumptions related to interest rate levels and modifications in the tax regime for life insurance contracts.

OPERATING EXPENSES ($'M) 5 YR CAGR-14%

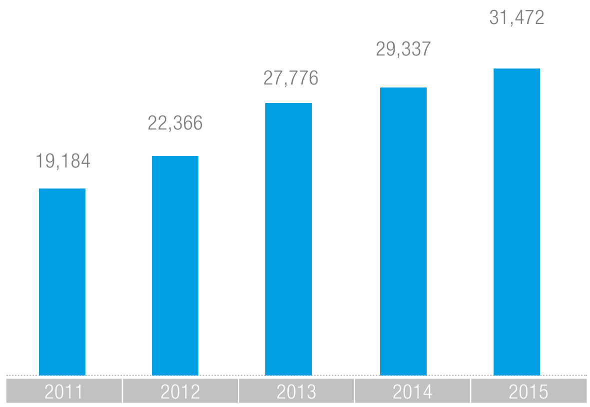


TABLE 6: EXPENSE BY TYPE

	2015 $'M	% of Total	2014 $'M	% of Total
Irrecoverable general consumption tax and asset tax	2,552	20.90%	1,441	14.79%
Property, vehicle and ABM maintenance and utilities	2,379	19.48%	2,246	23.07%
Marketing, customer care, advertising and donations	1,427	11.69%	938	9.63%
Technical, consultancy and professional fees	1,419	11.62%	973	9.99%
Other	1,082	8.86%	726	7.45%
License and transaction processing fees	984	8.06%	788	8.08%
Travelling, courier and telecommunication	894	7.32%	860	8.83%
Credit card rebates	611	5.00%	582	5.98%
Insurance premium and commissions	248	2.03%	517	5.31%
Stationery	214	1.75%	160	1.64%
Operating lease rentals	192	1.57%	178	1.83%
Receivership expenses	110	0.90%	178	1.83%
Auditors' remuneration	73	0.60%	69	0.71%
Premium tax on life insurance contracts	26	0.21%	84	0.86%
Total	**12,211**	**100.00%**	**9,741**	**100.00%**

Asset Performance

Total Assets

We ended the 2015 financial year with total assets of $523.8 billion, an increase of $24.4 billion or 5% over the prior year. The increased asset base was driven by growth in our investment securities and loans and advances portfolios; in addition we had more placements with other financial institutions at the end of September 2015. This growth was funded primarily by increased customer deposits and obligations under securitisation arrangements. We are the first financial institution in Jamaica to achieve total assets in excess of $500 billion, which has given us a strong competitive position in the market. This position will allow us to improve financial performance in the future.

For the financial year we have continued to seek opportunities and remain agile in a constantly changing environment. With this in mind we have continued on our strategic initiatives concentrating on sales and service effectiveness, lending expansion, payments innovation, efficiency optimisation and local and regional expansion. This is essential to maximising shareholder value over time.

Our return on average total assets was 2.40% representing a decline from 2.61% in the previous financial year. The decline in the ratio was as a result of the growth in the asset base and a flat net profit performance when compared to the previous financial year. This ratio is one of our key performance metrics and strategic measures being implemented are expected to positively impact this ratio.

Cash in Hand & Balances at the Bank of Jamaica (BoJ)

This consists primarily of cash reserves and operating balances. These balances stood at $28.9 billion at September 30, 2015, a decrease of 3%, or $920 million. The decline was due to a reduction in deposit balances held at Central banks outside of statutory reserves and regular operational balances, which was partially offset by increased statutory reserves following the growth in customer deposit balances. At the end of the financial year we met all regulatory statutory reserve and liquidity requirements.

Investment Securities and Reverse Repurchase Agreements

Our investment securities portfolio comprises debt (Government of Jamaica, foreign governments and corporate bonds) and equity securities (quoted and unquoted) carried at fair value (through profit or loss and classified as available-for-sale through equity) and amortised cost. For the purpose of this analysis debt securities which were pledged at September 30, 2015 and September 30, 2014 were included in this balance. This asset group continues to be the largest asset balance in the statement of financial position, accounting for 50% of total assets. Our investment securities portfolio grew by $11.8 billion or 4% over the prior year. The growth was mainly in our loans and receivables at amortised cost portfolio.

Our reverse repurchase agreement portfolio grew by $526 million or 32%, to $2.1 billion at September 2015. Our investment securities and reverse repurchase agreement portfolios are the main interest-bearing assets that give rise to interest income from securities. [Details of the portfolio can be found in notes 20 *(page 159)*, 21 *(page 160)*, 23 *(page 161)* and 24 *(page 164)* of the financial statements].

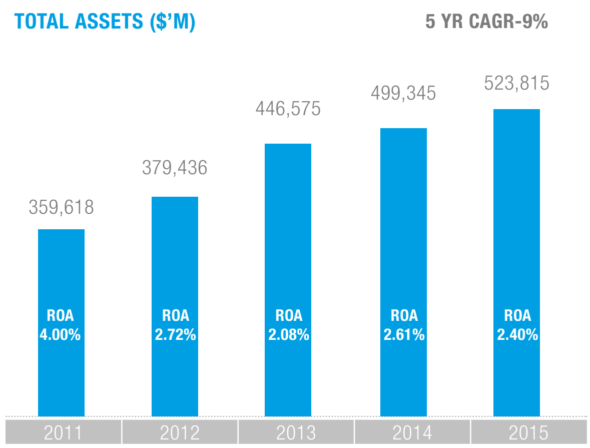


TABLE 7: INVESTMENT SECURITIES[1]	2015 $'M	2014 $'M
Investment securities at fair value through profit or loss	943	523
Investment securities classified as available-for-sale at fair value	217,841	216,687
Investment securities classified as loans and receivables at amortised cost	53,541	43,100
Interest receivable	3,662	3,860
Total	**275,988**	**264,171**

[1] *In 2015 $109.0 billion in investment securities [2014:$158.1 billion] was pledged as collateral in the normal course of conducting business for the Group.*

TABLE 8: LOAN PORTFOLIO DETAILS	2015 $'M	% of Total	2014 $'M	% of Total
Retail and SME	87,628	52.98%	82,494	52.34%
Corporate	63,377	38.32%	61,391	38.95%
Credit Cards	13,290	8.04%	13,189	8.37%
Other	1,109	0.67%	556	0.35%
Total	**165,405**	**100.00%**	**157,630**	**100.00%**

Our Financial Performance

CONT'D

Net Loans
Our loans and advances, net of provisions for credit losses, increased to $165.4 billion at September 2015, an increase of $7.8 billion, or 5%. This was primarily due to our Retail & SME portfolio, which grew by 6% or $5.1 billion and Corporate Banking net loans, which grew by $2.0 billion or 3%. The Retail and SME segment accounted for 53% of the total loan portfolio at September 2015 with over half the portfolio being consumer loans.

The non-performing loan portfolio declined by 2% or $149 million to $8.5 billion at September 2015. The provision coverage stood at 118.7% at September 30, 2015 (September 2014 – 118.3%). The difference between the statutory provision for credit losses and the International Financial Reporting Standards (IFRS) provision is credited to a non-distributable reserve – Loan Loss Reserve. The balance in the Loan Loss Reserve was $5.7 billion as at September 2015. The Bank's provisioning policy is in compliance with Bank of Jamaica requirements.

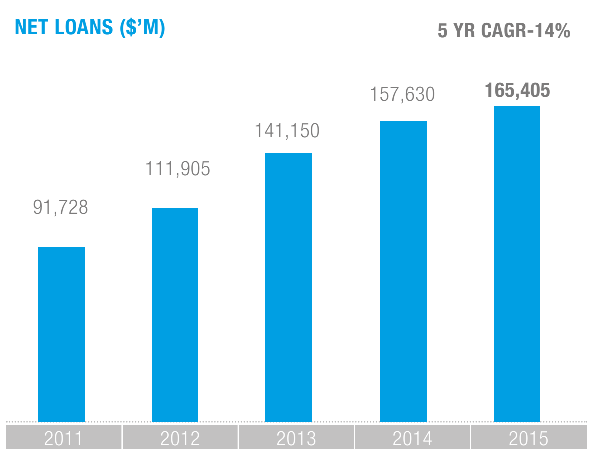
Our activities to manage delinquency are on-going and remain proactive and robust, with the implementation of an automated dialler and Collections Management System we expect to see continued improvement in our non-performing portfolio. We continue to monitor the environment and respond to changes that impact us and our customers. Our specific loan provisions to non-performing loans ratio was 100.2% at September 2015 (September 2014 – 100.7%), which indicates that we have adequately provided for classified loans. Our non-performing loans to gross loans ratio was 5.0% at September 2015, while non-performing loans to total assets ratio was 1.6% (September 2014 - non-performing loans to gross loans ratio – 5.4% and non-performing loans to total assets ratio – 1.7%). Our risk management function continues to be robust in assessing and ensuring quality loans are booked in this challenging economic environment.

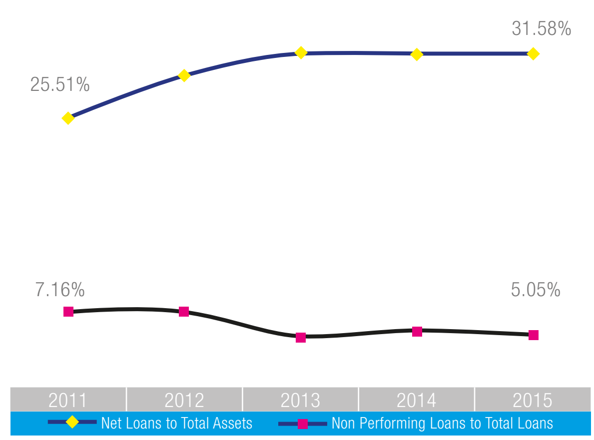
Funding Performance

Our funding portfolio consists of short and long-term borrowing arrangements under the following funding lines: customer deposits, obligations under repurchase agreements, obligations under securitisation arrangements, amounts due to other banks, other borrowed funds and liabilities under annuity and insurance contracts. At September 30, 2015, our funding portfolio was $421.6 billion compared to $403.3 billion at September 2014.

Customer Deposits
Our customer deposits portfolio grew to $227.9 billion at September 2015, an increase of $25.7 billion or 13%. We had strong growth in our deposit products; our savings account portfolio increased by $14.7 billion or 16%, current account portfolios grew by $6.0 billion or 11% and fixed deposit balances went up by $5.0 billion or 9%. Retail banking customers held 74% of the customer deposit balances at September 2015.

Repurchase Agreements
Repurchase agreement funding arrangements are used primarily by the Bank as short-term funding and by NCBCM as a product for corporate and individual customers. With the introduction of the retail repo reform in Jamaica this has impacted the individual retail customers of NCBCM. In response to this, NCB Capital Markets Unit Trust Scheme (Unit Trust) was formed to provide these customers with suitable investment opportunities. With a minimum size requirement for retail repo transactions currently being imposed, we have had a shift to Unit Trust and other products for the impacted customer base. The Unit Trust has an independent trustee and NCBCM serves as an investment manager of the Unit Trust entitled to receive fees based on the funds under management. This move into



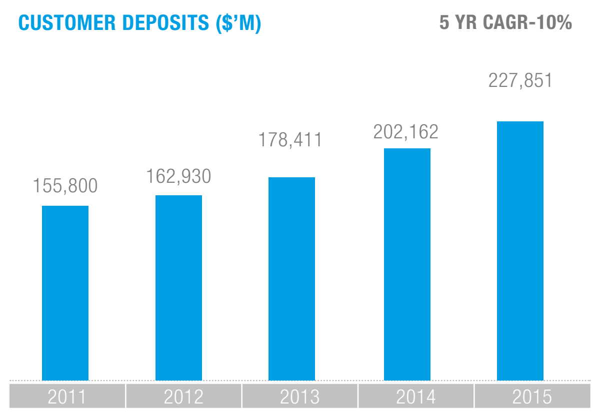


the unit trust management business will over time result in a decline in repurchase agreement balances as the various phases of the reform are executed. At September 2015, repurchase agreements were $100.0 billion, a decline of $34.7 billion, or 26%, from the prior year. The net asset value of our JMD unit trust portfolio totalled $13.8 billion at September 2015, which represented a 65% or $5.4 billion increase over the prior year. Our USD unit trust portfolio closed the year with a net asset value of US$76.6 million; the products in this portfolio were launched during the financial year. The total value of both unit trust portfolios was $23.3 billion at September 30, 2015. We have had remarkable growth in this new business line and currently are number 3 in the unit trust market with a market share of 14.1% which we intend to improve on as the retail repo transition continues. [Details of the Unit Trust can be found in note 34 of the financial statements *(page 181)*].

Liabilities under Annuity and Insurance Contracts
Liabilities under annuity and insurance contracts arise from the operations in life and general insurance. Our life insurance subsidiary issues life insurance and annuity contracts. These contracts insure human life events (for example, death or survival) over a long duration. The general insurance subsidiary issues property and casualty insurance contracts. Casualty insurance contracts protect our customers against the risk of causing harm to third parties as a result of their legitimate activities. Property insurance contracts mainly compensate our customers for damage suffered to their properties or for the value of property lost.

Liabilities under annuity and insurance contracts were $34.7 billion at September 30, 2015, having increased by $458 million, or 1%. Liabilities under general insurance contracts stood at $7.6 billion at September 2015 a slight increase of 1% or $43 million over the prior year. Liabilities under life insurance and annuity contracts were $27.1 billion at September 2015, an increase of 2% or $415 million over the prior year. [Details of the Group's liabilities under annuity and insurance contracts can be found in note 35 of the financial statements *(page 182)*].

Obligations under Securitisation Arrangements
In May 2015, the Bank raised US$250 million through a Merchant Voucher Receivables securitisation transaction. This is a structured financing transaction involving the sale of future flows due from Visa International Service Association (Visa) and MasterCard International Incorporated (MasterCard) related to international merchant vouchers acquired by the Bank in Jamaica. The merchant voucher is created when an international cardholder (Visa or MasterCard) pays for goods or services at a NCB merchant. This arrangement is in addition



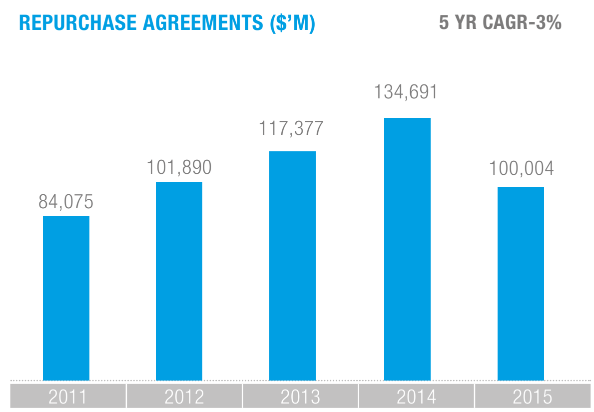
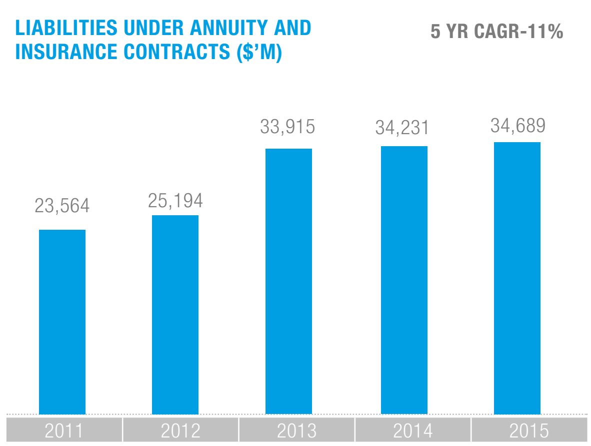
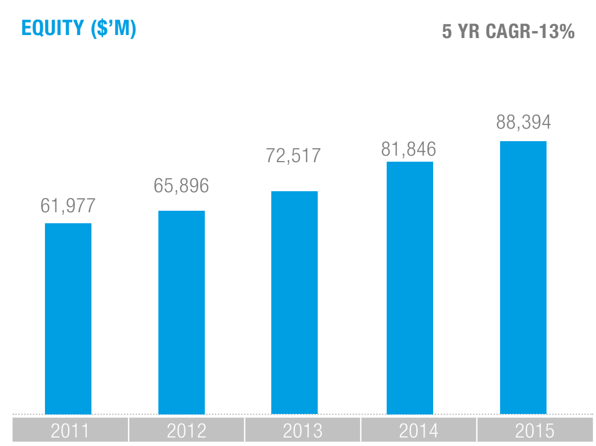


TABLE 9: CUSTOMER DEPOSITS DETAILS

	2015 $'M	% of Total	2014 $'M	% of Total
Non-interest bearing current accounts	41,490	18.21%	35,650	17.63%
Interest bearing current accounts	18,343	8.05%	18,189	9.00%
Savings and other deposit accounts	107,204	47.05%	92,472	45.74%
Time deposits	60,814	26.69%	55,852	27.63%
Total	**227,851**	**100.00%**	**202,162**	**100.00%**





Our Financial Performance

CONT'D

to the Diversified Payment Rights (DPR) securitisation arrangement previously on our books. In May 2013, the Bank raised funds under the DPR securitisation arrangement, which is a structured financing transaction selling the rights to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. An additional amount was negotiated under the DPR facility in February 2014. Obligations under securitisation arrangements increased by $29.7 billion, or 219%, to end the financial year at $44.3 billion after the introduction of the new Merchant Voucher Receivables securitisation arrangement. The principal outstanding on the DPR and Merchant Voucher Receivables securitisation arrangements were US$125 million and US$250 million, respectively at the end of the financial year. [Details of the obligations under securitisation arrangements can be found in note 32 of the financial statements *(page 177)*].

Other Funding

Other funding arrangements totaled $14.7 billion at September 2015, which consists of (1) due to other banks and (2) other borrowed funds. Other borrowed funds of $8.6 billion, decreased by $3.4 billion, or 28%, from September 2014 balances, primarily due to the repayment of loans received from International Finance Corporation (IFC) and European Investment Bank (EIB) which were used for general corporate purposes and on-lending to customers. Amounts due to other banks of $6.1 billion, decreased by $190 million, or 3%. Notes 31 *(page 176)* and 33 *(page 179)* to the Financial Statements provide further details on the nature of these contracts.

Consolidated Equity

The Group's Equity grew to $88.4 billion at the end of the financial year, which represented an increase of $6.5 billion, or 8%, over the restated prior year balance. The return on average equity for the Group declined by 152 basis points from 16.0% at September 2014 to 14.5% in September 2015.

Capital Base

The statutory capital base (share capital, retained earnings reserve and banking reserve) for the Bank (on a stand-alone basis) was $33.8 billion at September 30, 2014, an increase of $1.4 billion or 4% over the previous financial year. This increase was as a result of transfers from retained earnings to the retained earnings reserve. These reserves are required to meet the statutory capital to risk-weighted assets ratios, as well as determining the maximum level of deposit liabilities and lending to customers. Our banking reserve fund is in accordance with the Banking Act 1992, and currently exceeds the paid-up capital of the Bank.

AS AT SEPTEMBER 30, 2015

National Commercial Bank Jamaica Limited		**NCB Capital Markets Limited**	
Regulated by the Bank of Jamaica		Regulated by the Financial Services Commission	
Regulatory Capital to Risk Weighted Assets	12.7%	Regulatory Capital to Risk Weighted Assets	35.3%
Regulatory Requirement	12.5%		10%
NCB Insurance Company Limited		**Advantage General Insurance Company Limited**	
Regulated by the Financial Services Commission		Regulated by the Financial Services Commission	
Solvency Ratio	47.5%	Minimum Capital Test	341.0%
	10%		250%

Dividends & Shareholders' Return

The dividends paid during the 2015 financial year were $2.31 per share or $5.7 billion, up from $1.18 per share or $2.9 billion in the prior financial year.

The dividend pay-out ratio (dividends per share divided by earnings per share) for the financial year was 46.2% compared to 23.6% at September 2014. The dividend yield (dividends paid as a percentage of share price) was 8.4% up from 6.6% in the 2014 financial year.

The share price on the Jamaica Stock Exchange (JSE) as at September 30, 2015 was J$27.52 per share (September 30, 2014 – J$17.94) which has resulted in a price earnings ratio (current share price as a percentage of per share earnings) of 5.50 (September 2014 – 3.59). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2015 was TT$1.63 per share (September 30, 2014 – TT$1.00).

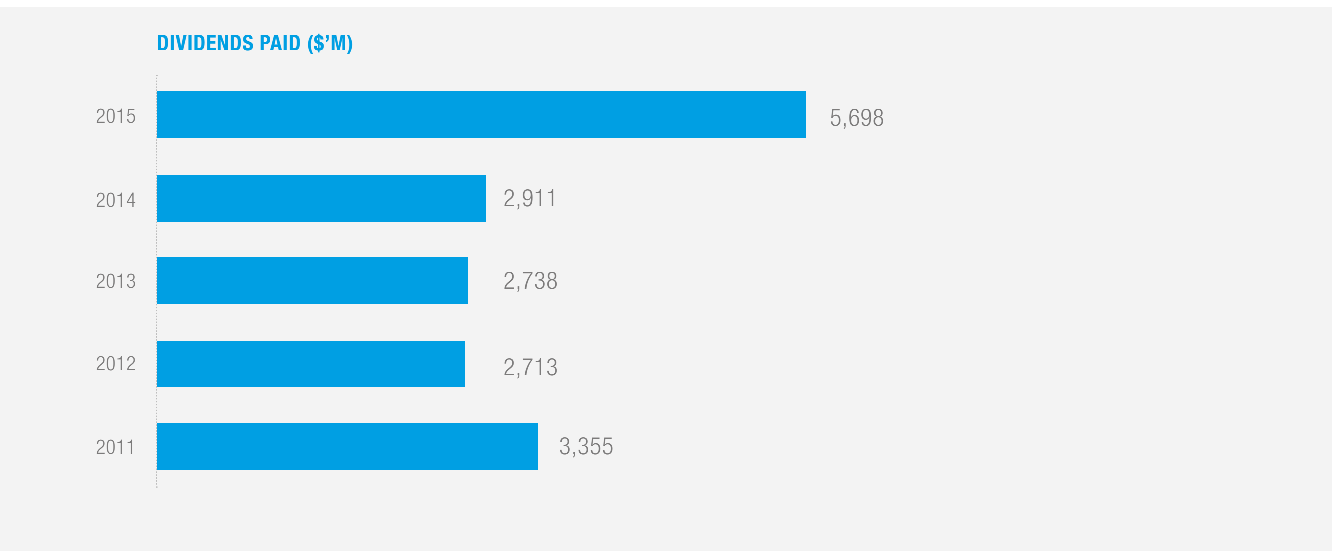
Our total shareholder return[1] which combines share price appreciation and dividends paid to show the total amount returned to the investor was 66.3% for the financial year compared to 0.6% in the prior year. At the close of business on 30 September 2015, the JSE All Jamaican Composite Index stood at 96,294.55, a 33% increase over the prior year.

NCBJ TOTAL SHAREHOLDER RETURN

For The Year Ended September 30	2010	2011	2012	2013	2014	2015	Three Year CAGR* (%)	Five Year CAGR* (%)
Closing Price of Common Shares ($ per share)	17.51	27.29	21.90	19.00	17.94	27.52	8%	9%
Dividend Paid ($ per share)	1.90	1.36	1.10	1.11	1.18	2.31	28%	4%

	2010	2011	2012	2013	2014	2015	Three Year Shareholder Return	Five Year Shareholder Return
NCBJ Shareholder Return (%)	**49%**	**64%**	**(16%)**	**(8%)**	**1%**	**66%**	**47%**	**97%**
JSE Index Annual Movement (%)	**5%**	**10%**	**(5%)**	**(3%)**	**(15%)**	**33%**		

*Compound Annual Growth Rate expressed as a percentage



[1] Total shareholder return represents the annual total return earned on an investment in NCBJ shares. The return is calculated as the change in share price (growth in share price at the end of the year compared to the share price at the beginning of the year) and assumes that dividends received are reinvested in NCBJ shares (share appreciation plus dividends).

Risk Management

The Risk Context

In Jamaica, NCB operates within a macroeconomic environment driven by a government in pursuit of completing its four-year International Monetary Fund (IMF) Extended Fund Facility (EFF) programme.

Although market variables such as interest rates and foreign exchange rates showed less volatility during the 2015 financial year, economic growth still remained elusive.

Internally, the Group's focus continued on its growth and transformation strategies (as highlighted in Strategic Outlook on page 99). This was done within the context of a risk management philosophy which embraces the taking of risks to increase shareholder value through the effective management of the risk/return relationship.

Credit risk, market risk and liquidity risk continued to be the subject of close oversight, as was operational risk, during the 2015 financial year as the Group's transformation strategy placed significant emphasis on business automation and increased customer usage of the electronic channels.

Group Risk Management Division

The Group takes an enterprise-wide approach to risk management which is intended to ensure that the significant risks it undertakes in executing its strategic initiatives are adequately identified and managed.

The effectiveness of the Group's risk management framework is driven by the following organisational and governance principles:

- The business lines must act as the first line of defence for managing risks inherent in their businesses and all employees must be accountable for identifying, assessing and managing the risks within the scope of their assigned responsibilities.
- There must be independent risk and compliance functions (the second line of defence) and an independent audit function (the third line of defence).
- A risk governance framework must be in place to provide a comprehensive set of controls and ongoing management of the major risks assumed in the Group's business activities.

The Group's organisational structure and governance framework are critical to guiding the risk management process.

Although the Board has ultimate responsibility for oversight of the Group's risks, it delegates its responsibility to several independent committees and those of its subsidiaries, chief of which is the Board Risk Management Committee (BRMC). The BRMC meets four times per year and provides oversight of the Group's risk management framework, including risk appetite, the effectiveness of its risk systems, review and recommends risk policies and major risk procedures as well as the monitoring of compliance with risk limits and benchmarks.

Management committees which support the Board the BRMC and the Audit Committee (which has oversight for regulatory risk) are the following Group committees: the Group Asset and Liability Committee, the Group Operational Risk Management Committee, the Group Capital Management Committee, the Fraud

Prevention and Management Oversight Committee, the Group Information Technology Steering Committee and the Compliance Management Committee.

The non-group risk committees which also support risk management oversight for the companies in the Group are: the Asset and Liability Committee of the Bank and the Risk Management Committees of our subsidiaries.

Significant Risks

The Group is exposed to several significant risks which could have a material impact on our financial results, reputation and the sustainability of our long-term business model.

Credit Risk

We recognise credit risk to be the risk that a customer (i.e. a borrower) will default on promised payments (e.g. principal, interest, margin, etc.) or that a trading partner may fail to fulfil its obligations on a transaction or portfolio of transactions, and NCB must terminate the trade or replace the counterparty at a loss. In the banking business, credit risk arises primarily from the making of loans, financing of trade transactions, leasing activities, reverse repurchase arrangements and off balance sheet transactions such as guarantees to a variety of customers (ranging from large corporate and institutional clients to individual consumers). Credit risk attracts the largest regulatory capital requirement.

The Group's credit risk governance structure is concretised by a Credit Risk Policy which provides a set of guiding principles and control framework which is intended to identify, assess, measure and monitor credit risk exposure. The Credit Risk Policy was reviewed by the BRMC during the 2015 financial year and was recommended to the Board which approved it during the year.

Given the size of the Group's exposure to credit risk, the BRMC continued its review of the following significant credit risk issues during the 2015 financial year:

- The GOJ's quarterly performance under the four-year EFF as well as the country's projected debt sustainability trends derived from our in-house model.
- Key Loan Portfolio metrics and emerging trends as well as actions being pursued to mitigate any negative trends which would affect the Group's credit risk exposure.

Liquidity Risk

Liquidity risk is the potential for loss if the Group is unable to meet its obligations as they fall due. These obligations include the requirement to honour liabilities to depositors and suppliers when they fall due. It also includes the potential for loss if the Group cannot take advantage of profitable opportunities when they arise.

The Group is also exposed to market liquidity risk, which is the risk of being unable to unwind a position in the face of inadequate market activities or unavailable market prices.

The Group's Enterprise Risk Management Policy requires that we manage liquidity within established policy guidelines, limits and/or benchmarks. One of the principal liquidity strategies pursued by the Group is maintaining diverse and stable sources of funding. Accordingly, the Group's liquidity funding providers include diversified retail customers and corporate customers, as well as repurchase agreements and long-term secured funding sources which include a transaction securitising our "Diversified Payment Rights".

During the 2015 financial year, the regulatory authorities, in pursuing their mandate to maintain the stability of the financial system, requested licensed deposit-taking institutions and securities dealers to ensure that they had updated liquidity contingency plans approved by the institutions. We therefore took the opportunity to update our plans, which were then approved by the Board.

The BRMC closely monitors the Group's liquidity risk positions and reviews all the relevant information, which is discussed at the Group Asset & Liability Committee meetings, with respect to the following key liquidity risk matters:

- Factors affecting liquidity in the domestic market
- Key liquidity metrics, their trends and comparisons with established limits and benchmarks
- Liquidity scenarios and strategies to manage various scenarios
- Strategies being employed to manage liquidity risk issues across the Group

Market Risk

The Group addresses exposure to market risk, which is the risk that movements in certain market variables such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads will adversely affect our income and/or the value of our portfolios.

Our market risk management infrastructure incorporates the definition, approval and monitoring of limits as well as the performance of stress testing and qualitative risk assessments.

Operational Risk

Operational risk is inherent in each of the Group's businesses and support activities, including the risk of fraud by employees or others, unauthorised transactions by employees, and operational or human error. Due to the high volume of transactions being processed, we are also subject to the possibility of errors which may go unnoticed over an extended period of time despite our best efforts at efficiency and accuracy. Deficiencies or failures in our computerised systems, telecommunications systems, data processing systems, vendor-supplied systems and in our internal processes could result in financial loss and/or reputational damage. Despite our contingency procedures, the aforementioned deficiencies, in addition to business disruptions caused by natural disasters or other factors, may still negatively impact our ability to conduct our business, thereby resulting in damage to the Group's business and brand.

The Group Operational Risk Management Committee (GORMC) is the management committee responsible for the provision of oversight and guidance of the Group's operational risk.

Risk Management
CONT'D

Areas which were addressed in a report to the BRMC included risk assessment findings for business initiatives which introduced new processes or changed existing processes and high risk business units, defined in accordance with the operational risk framework.

During the 2015 financial year, the BRMC received the findings of a comprehensive risk analysis of the Information Technology (IT) function which identified, evaluated and categorised the potential IT risks facing the Bank. Operational risk training was also presented in a classroom format to our key branch management staff.

Insurance Risk
Insurance risk is the risk, other than financial risk, of loss transferred from the holder of the insurance contract to NCB (the issuer).

Bankassurance
We operate an integrated bancassurance model which provides wealth and protection insurance products and we issue contracts that transfer insurance risk, financial risk or both, primarily through bancassurance arrangements. Insurance contracts transfer significant insurance risk and may also transfer financial risk. As a general guideline, we treat significant insurance risk as the possibility of having to pay benefits on the occurrence of insured events which are at least 10% more than the benefits payable if the insured event did not occur.

General Insurance
We also operate a general insurance subsidiary which underwrites the following general insurance business lines: Motor, Property, Pecuniary Loss, Liability and Accident. Principal risks associated with the general insurance business include pricing risk. Inadequate pricing of insurance contracts could result in claims honoured exceeding premium income. Over pricing of the business could also diminish NCB's competitiveness, thereby destroying value.

This segment also faces the risk of inappropriate reserving around over-adequacy of the reserving level, which would negatively affect NCB's strength; or the inadequacy of the reserving level, which would necessitate a large injection of capital when the inadequacy is discovered.

Regulatory & Legal Risk
The Group is also subject to regulatory risk and legal risk, which could have an adverse impact on its business. Regulatory risk arises from a failure to comply with regulatory and comparable requirements. Legal risk manifests itself through failure to comply with legal requirements, including ineffectiveness in the management of litigation proceedings.

The financial services industry is one of the most closely regulated industries, and the management of a financial services business such as ours is expected to meet high standards in all business dealings and transactions. Failures to adequately address conflicts of interest, regulatory requirements, Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) regulations, privacy laws, information security policies, ethical practices and various legal or regulatory requirements not only pose a risk of censure or penalty after litigation, but may also put our reputation at risk. Business units are the first lines of defence and are responsible for managing day-to-day regulatory and legal risk, while the Group Legal and Compliance Division (GLACD) acts as the second line of defence, providing advice and oversight (please also reference related information under GLACD on page 78).

Reputational Risk
Reputational risk is the potential that negative publicity, whether true or not, regarding an institution's business practices, actions or inactions, may cause a decline in the institution's value, liquidity or customer base. All risks may have an impact on reputation, which in turn may negatively affect the brand, earnings and capital. Credit, market, operational, insurance, regulatory and legal risks must be managed effectively in order to safeguard our reputation.

The management of reputational risk is broadly overseen by the Board as well as the senior executive team. However, every NCB employee or representative has a responsibility to contribute positively to our reputation. This means ensuring that ethical practices are followed at all times, that interactions with our stakeholders are positive, and that we comply with applicable policies, legislation and regulations.

The responsibilities of the Group committees with risk management related responsibilities are described below:

▼ Board Risk Management Committee
For details please see Corporate Governance Statement page 39.

▼ The Audit Committee
For details please see Corporate Governance Statement page 38.

▼ The Group Asset & Liability Committee
This committee is responsible for monitoring and ensuring the effective and efficient management of market risks and risks relating to the mix of balance sheet assets and liabilities as well as the holding and trading of foreign currencies and designated investment securities for NCB and our subsidiaries.

▼ The Capital Management Committee
This committee is responsible for setting and monitoring overall capital management principles in line with the Group's enterprise-wide risk framework and appetite.

▼ The Group Operational Risk Management Committee
This committee is responsible for providing oversight and guidance on the process of measuring, prioritising and mitigating operational risks throughout the Group.

▼ The Compliance Management Committee
This committee's purpose is to monitor the status of legal and regulatory compliance within the Group.

▼ The Information Technology Steering Committee
This committee's responsibilities include the provision of oversight of the strategies, policies and procedures in place to manage IT and information security risk exposure throughout the Group, including an effective risk organisation structure and effective governance processes.

▼ The Fraud Prevention Management Oversight Committee
This committee provides oversight for the Fraud Prevention Unit which is responsible for managing the Group's fraud risk.

The detailed responsibilities of the Committees are outlined in their respective charters or terms of reference.

Group Legal & Compliance Division

During the 2015 financial year, the Group Legal and Compliance Division (GLCD) continued providing oversight of regulatory protocols and guidance to staff on matters related to the management of regulatory risk and thereby also contributed to the management of the Group's reputational risk.

The Division was involved also in communicating with correspondent banking partners about AML/CFT activities in the Group and in Jamaica. GLCD has also been at the centre of the effort to ensure compliance with the United States of America's Foreign Account Tax Compliance Act (FATCA).

Under FATCA, financial institutions outside the USA are advised how they should open and manage customer accounts, beginning in the 2014 financial year.

Significant accomplishments during the 2015 financial year included the development of a FATCA Policy and Procedures Manual for entities, provision of enterprise-wide training of staff, classification of customers, and submission of FATCA reports to Tax Administration Jamaica based on legislative requirements that came into effect in 2015.

Another major project during the period was the continuation of the implementation of an Enterprise-wide AML Monitoring System (AMLMS).

The AMLMS initiative aims at bolstering the capability of the enterprise to detect and report suspected cases of money laundering and terrorist financing. We implemented this initiative in the 2014 financial year and have continued activating relevant steps to further enhance our detection capabilities.

The protective measures derived from AMLMS extend to detecting persons who are determined to perpetrate criminal acts on us and our customers or who intend to use our mechanisms as a conduit for prohibited transactions. These enable us to take appropriate actions to prevent them being able to do so.

AMLMS also helps protect our employees from the risk of exposure to regulatory and legal sanctions whose consequences have far-reaching implications, including imprisonment, hefty fines, and the inability to continue working in the financial sector.

The preservation of NCB's reputation is one of the most significant benefits achieved by developing and implementing a sound and robust compliance programme (of which AMLMS is an important component) to protect NCB from fines and sanctions.

During the 2015 financial year, there continued to be significant interactions with our internal customers as well as our regulators. Such interactions included requests for clarification, information and documentation. Any new legislation (and FATCA is no exception) forces GLCD to enhance its technical knowledge of the subject matter. Preparations also commenced for the the Banking Services Act, which came into force on the last day of the financial year. These preparations included reviews by GLCD and some high level training.

The major areas of focus for the 2016 financial year will continue to be compliance with the FATCA legislation and of the deployment of tools to boost regulatory compliance, such as the ongoing implementation our AMLMS.

Our Operations

- Group Operations & Technology Division
- Group Facilities & Services
- Service Quality

Group Operations & Technology Division

The mandate of the Group Operations & Technology Division (GOTD) is to support increased security for NCB and our customers while bolstering initiatives which increase efficiency and enhance productivity.

NCB offers convenient 24/7 cutting-edge financial operations to customers while giving shareholders enviable returns on their investment. The GOTD fully supports this mandate.

Four major initiatives undertaken for the 2015 financial year were:

1. Cyber Security
2. Technology Refresh
3. LEAN Transformation
4. Digitisation

Cyber Security achieved its target of providing increased security while generating customer and employee confidence in online services.

Technology Refresh was implemented and has not only lowered costs with greater security via updated applications, but has also added capacity.

Project LEAN which was tasked with increasing efficiency achieved positive results.

Digitisation facilitates automated processes leading to lower cost and improved internal and external customer convenience.

The four initiatives will generate ongoing employee confidence in online services as upgraded applications become more familiar.

The impact of these initiatives on NCB became evident from customer and employee confidence, lower costs, additional capacity, increased efficiency, and positive bottom lines for each division.

For the 2016 financial year, the main areas of focus will continue to be Cyber Security, Technology Refresh, LEAN Transformation and Digitisation, with additional focus on Employee development.

The primary objectives of this focus are heightened risk management and enhanced value across the different business lines as we fulfil our mission to become the Bank of the Future.

Group Facilities & Services

During the 2015 financial year, the Group Facilities & Services Division (GFSD) continued implementing key strategic projects to improve energy use and environmental impact in addition to supporting the efficient and reliable operation of critical infrastructure across the enterprise.

Major initiatives undertaken for the financial year were Energy Efficiency, Space Rationalisation/ Major Facilities Upgrading to support our strategic objectives, and Procurement Process Centralisation.

Our Operations

CONT'D

Energy Efficiency

GFSD promotes energy conservation through an ongoing review and upgrading of existing equipment and by pursuing high energy efficiency for all new equipment. Based on our existing business model, cooling and lighting account for most of our energy usage. GFSD has installed high efficiency air conditioning systems at several NCB locations, including:

- 10 Oxford Road (2nd and 3rd Floors)
- May Pen Branch
- Wellness and Recreational Centre
- Falmouth Branch
- 124-126 Constant Spring Road

GFSD has also installed high efficiency LED lamps at some NCB locations and aims to implement this solution at all NCB locations. Reflective tinting on all windows, insulating our roofs, and automated light controls help protect our buildings from heat infiltration and enhance the energy saving process.

In addition to pursuing energy saving strategies, GFSD looked at Renewable Energy and has installed two photovoltaic (PV) systems at NCB's new 124-126 Constant Spring Road location as well as the GOTD location at 29 Trafalgar Road. These new PV systems have reduced NCB's dependence on fossil fuels and decreased our carbon footprint.

The above strategies have resulted in an overall energy reduction of 4% during the 2015 financial year with a cumulative reduction of 34% over the past four years.

Space Rationalisation/Major Facilities Upgrading

During the 2015 financial year, GFSD embarked on several projects to consolidate operations at some locations, thereby reducing our overall operational expenditure and improving the comfort of our staff and customers. Some of these initiatives include the following:

- Relocation of Group Internal Audit from the NCB UWI Branch to the Atrium 2nd Floor
- Relocation of Private Banking to the New NCB Financial Centre at 124-126 Constant Spring Road
- Relocation of NCBCM Private Wealth Centre to 124-126 Constant Spring Road
- Relocation of AGIC Black River to a location adjacent to the NCB Black River Branch, resulting in shared auxiliary areas and equipment (Generator, UPS, Network Server)
- Expansion and relocation of NCB Cayman
- Renovation of AGIC Head Office
- Reconfiguration and renovation of the NCB May Pen Branch

Procurement Process Centralisation

GFSD has implemented a centralised approach to procurement with a focus on strategic sourcing of major goods and services. The centralisation has resulted in improved delivery time of forms and other documents used by our customers. There have been greater efficiencies and reduction of approximately 3.5% of the addressable spends within the first year. NCB has seen increased value as a result of the strategic sourcing opportunities pursued, as well as a reduction in capital and operating costs.

Focus for the 2016 financial year

Initiatives 2016	Objective
Energy Reduction	Reduce energy usage by 8% via upgrading existing equipment and pursuing high energy efficiency options as well as procuring new equipment. Continue implementing projects to install high efficiency air conditioning systems at relevant locations and increase the use of LED and PV panels.
Major Facilities Upgrade/Space Rationalisation	Initiate projects to consolidate operations at specified locations, and reduce our overall operational expenditure to enhance working conditions and comfort of our staff and customers.
Improving the AGIC Real Estate Portfolio Yield	Increase occupancy by at least 15% to realise increased earnings in NCB's real estate portfolio.
Strengthen Procurement Governance and achieving process efficiency and effectiveness	▶ Focus on strengthening our commercial business partner management framework. ▶ Revision of the Procurement Policy to strengthen governance ▶ Revision of the Procure-to-Pay process to achieve efficiency and effectiveness

Service Quality

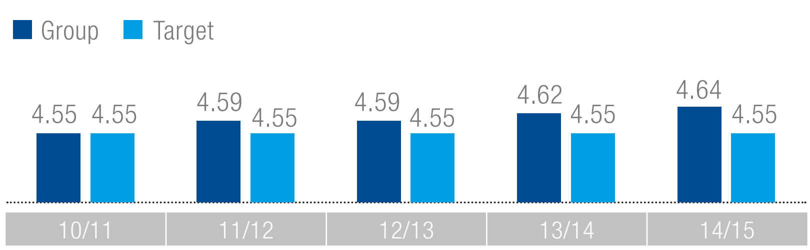
The increased focus on Service Quality during the 2015 financial year was designed to meet the following main objectives:

1. Enhance our customers' service experience through improved banking convenience
2. Empower, motivate, train and resource our staff to deliver a consistently high quality of service

During the year under review, NCB was awarded the Private Sector Organisation of Jamaica (PSOJ)/Jamaica Customer Service Association (JaCSA) 2015 Service Excellence Award in the category of Training & Capacity Building. This recognition reflects in large part, the cumulative results of the successful implementation of a number of initiatives including:

- In October 2014, we executed our Customer Service Week of activities to reinforce the organisation's commitment to service excellence. Some of the activities included:
  - Senior Managers/Executives visited branches to interact with staff and customers
  - Tokens were despatched to all branches to share with customers
  - Execution of an Essay Competition
- Developed and implemented our Early Tenure Management initiative, which is designed to improve the on-boarding process of new customers and strengthen the relationship with existing customers. Some of the elements of the programme include: Welcome Letters despatched to all customers who open a new account within the NCB Group; surveys despatched to these customers requesting feedback on their service experience with the service provider and accessing our channels.
- Second staging of our Group Quiz competition, which was aimed at building the product knowledge of our employees and creating greater team synergies across the Group. The Brown's Town branch won the competition for the second consecutive year.
- Developed and shared with staff our monthly and quarterly service tutorials, which aim to build the knowledge of our staff and reinforce customer-centric behaviours.
- Administered our bi-annual Customer Satisfaction, Mystery Shopper and Internal Satisfaction surveys. These surveys provide useful information on our customers' (internal & external) experience interacting with our staff and using our various electronic channels.
- Dispatched our quarterly staff Newsletter (Service Quarterly) and bi-annual Customer Newsletter (Customer Connect). These Newsletters highlight initiatives implemented across the Group to strengthen our service culture and enhance the experience of our customers.
- Implemented our 'Fact Friday' series which is aimed at improving the knowledge of our staff in relation to our main processes and procedures which guide the servicing of customers. Through this initiative we have been able to identify inconsistencies in our practices, and streamlined processes, resulting in an improved service experience for customers.

CUSTOMER SATISFACTION SCORES - 2010-2015



Our Business Lines

- Retail Banking
- Treasury & Correspondent Banking
- Payment Services
- Corporate Banking

Retail Banking Division

For the 2015 financial year, the Retail Banking Division (RBD) implemented a number of initiatives aimed at strengthening the relationship with our customers and providing convenient and seamless access to the Bank'sproducts and services; whilst driving our core business growth and supporting employees' development as competent financial professionals. A few of these initiatives are outlined below.

- We implemented our 'One Number' telephone line, which allows our customers to contact any branch of NCB, using one number: 929-4622. The calls received via this number are managed by our team of Branch Tele-Service Associates. This resulted in an improved service experience through faster turnaround times in the handling and resolution of requests and the evidence was seen in the results of the customer satisfaction surveys in which this team achieved an overall rating of 95.5% relative to a target of 91%.
- Our emphasis on service quality was reinforced across the branch network with timely branch service audits.
- The launch of the new NCB Ascend programme to provide existing and potential customers with access to a select suite of products and services across the NCB Group as well as greater access to a dedicated cadre of professionals with expertise in retail banking, insurance and investments to enhance this wealth portfolio/ status.
- The implementation of a new Collections Management System to allow NCB to provide support to a wider range of customers who may need remedial help or additional hand-holding in managing their loan and credit card accounts while at the same time improving loan portfolio quality.
- Reorganisation of the branch network from that of a primarily regional structure to one that is guided by business fundamentals in an effort to group branches with similar strengths and weaknesses based on potential and peculiarities. This allowed the leader of each group to apply a cohesive strategy across her/his charges to boost growth and productivity and better optimise the use of available resources.
- The broadened focus of the UK operations to target the SME sector in UK. Previously this arm of the Retail business concentrated on the remittance of pensions as well as administrative support to NCB customers living in the UK.

All initiatives including those discussed above have had a measurable impact on RBD's performance as total revenues increased from $16.82 Billion to $17.16 Billion while operating profit increased by 14% to $1.89 Billion in the 2015 financial year.

For the 2016 financial year, the Retail Banking Division will focus on credit expansion to the SME Segment as greater access to financing for this group will drive business expansion in the Jamaican economy; the achievement of sales excellence based on improved customer experience when doing business with NCB; expanding channels for customer feedback to ensure the continued relevance of our products and services to the needs of our customers; finally, the Division will also build out the offerings at our Bank on the Go self-service areas to improve the ease and convenience of doing business with NCB.

Treasury & Correspondent Banking Division

The Treasury and Correspondent Banking Division (TCBD) is the funding centre of NCB and has responsibility for the management of liquidity, interest rate and foreign exchange risk. During the 2015 financial year, TCBD contributed 27% of NCB's operating profit.

TCBD also manages relationships with foreign financial institutions and correspondent banks. In an international landscape featuring heightened concerns around Combating the Financing of Terrorism (CFT) and Anti-Money Laundering (AML), TCBD works assiduously to provide assurance to correspondent banking partners. TCBD additionally provides commercial banking products and services for specified financial institutions, including cash management as well as domestic and cross-border payments through a dedicated relationship management team.

Relationship Management

Major initiatives for the 2015 financial year included relationship management, as TCBD intensified efforts to migrate customer transactions to NCB's Electronic Banking Platform in order to provide our customers with greater efficiency, speed and payment security in alignment with NCB's strategy to transfer paper-based payments to electronic channels.

TCBD worked with NCB's strategic correspondent banking partners throughout the year to ensure that NCB would maintain compliance with international requirements, allowing TCBD to foster strong relationships with 11 correspondent banks globally as well as facilitating the provision of a wide range of cross-border payment services for our customers.

Funding Activities

A key component of TCBD's strategy is accessing medium- and long-term stable sources of funding outside Jamaica, in order to support the growth of NCB's balance sheet. In this regard, US$250 million was raised through the securitisation of NCB's Merchant Voucher Receivables (the future flows due from the Visa and MasterCard international merchant vouchers originating in Jamaica). There was marked improvement in domestic liquidity conditions compared to the 2014 financial year; but Jamaican dollar liquidity remained moderate in the 2015 financial year. TCBD's robust liquidity-management framework enabled swift responses to changes in the financial markets and ensured that we would meet our commercial and prudential obligations.

Foreign Exchange Services

NCB is a major player in the foreign exchange market and captured approximately 16% market share during the 2015 financial year. Total sales to NCB's customers in the 2015 financial year amounted to US$1.4 billion, a 32% increase over the 2014 financial year.

TCBD ensured that NCB's customers had access to foreign exchange (FX) services via a suite of products, including spot purchases & sales, forward contracts and other structured FX solutions. Enabling technology was implemented to improve over-the-counter execution of FX transactions by NCB's branches in order to reduce the wait-time of customers in the 2015 financial year.

The Payment Services Unit –

Charting new channels and partnerships

Generation "Y" already plays a major role in accelerating the emergence of a new digital world, and their impact is impossible to ignore. Generation Y's expectations are being formed by the technologies they surround themselves with. - Ernst & Young

A multiplicity of digital channels, platforms and devices have produced a generation demanding a more seamless experience, including handling and accessing their money. For mature clients, digitisation and new payment solutions are also a route to transactional comfort, convenience and added value. Payment systems have replaced cash in domestic and international transactions, and provide a major service to consumers who patronise banks and other financial institutions.

The Payment Service Unit (PSU) of - the Treasury and Correspondent Banking Division - during the 2015 financial year focused on upgrading our core operating system while overseeing the expansion of new card services and payment channels.

Significantly, we are working on implementing in Jamaica a mobile payment solution for which we have completed the on-boarding of customers and merchants in the pilot stage, along with transaction processing. Customers will have the benefit of transacting electronically using their mobile banking account; the only requirement is a cellular phone and a mobile account. The customer who prefers to use a phone will find it quite convenient. Fundamentally, electronification of cash-based transactions will result in accelerated penetration into unbanked segments and increased revenues in all our markets.

During the 2015 financial year, another focus of the PSU was on extracting value for NCB and our customers from enhanced payment products and services, including debit cards, credit cards, electronic fund transfers, direct credits, direct debits, Point of Sale, internet banking as well as e-commerce.

Major initiatives during the year included developing co-branding partnerships, accelerating direct marketing and implementing the upgrade of core operating systems PRIME 4 which will facilitate the introduction of new products and services. We also continued work on developing a mobile payment system.

Seeking to develop co-branding partnerships, we will seek to secure alliances with leading players in different business categories which will be beneficial to our clients. Partnerships will improve card acquisition, create loyalty programmes and improve customer retention. Through co-branded partnerships, customers will enjoy the added benefit of having rewards tied to card usage.

Another major objective is to increase new card acquisition by penetrating the existing customer base through pre-approved offers using different channels as the medium. These channels include direct mailing, emails, the Customer Care Centre, and SMS messages.

Our Business Lines

CONT'D

In the area of upgrading our core operating system, we are leveraging enhanced technology to implement integrated workflow handling, real-time fraud monitoring, collections, instalment and advanced behavioural analytics capabilities. In addition, we plan to extend the market offering to include issuing and acquiring support for Europay, MasterCard, and Visa (EMV) cards (which use chip technology to increase security and minimise fraud) and contactless cards - MasterCard MCHIP and Paypass, Visa VSDC and PayWave, along with extended support for AMEX and UnionPay International Payment schemes.

Measurable results

Under the co-branded partnership initiative, which is now in its initial stages, we have seen an increase in sales volumes. Direct marketing has led to an expansion in the acquisition channels and has allowed us to acquire new accounts resulting in increased revenue.

Prime 4 offers to NCB advances in efficiency and flexibility as well as potential value-added services, and will generate greater efficiencies in transaction processing and in the automation of some of our existing manual processes.

For the 2016 financial year, we plan to focus on retaining customers, enhancing our product suite, implementing EMV processing and the International Keycard Visa Debit product.

We will also continue pursuing objectives proposed under major programmes as we seek to improve revenue, increase the number of new customers and enhance efficiencies.

Corporate Banking Division

Reshaping the future

Transaction banks must make heavy investments in technology to ensure systems are integrated and become more digital in order to deliver standardised and harmonised reporting and liquidity management to clients. Investment in security is also a top priority… Pascal Auge, Head of Global Transaction & Payment Services

As our clients request more from their corporate banker and demand the support needed to develop more profitable businesses, NCB Corporate Banking Division (CBD) is adapting to their needs.

Included in their needs are end-to-end cash management solutions which can better manage liquidity.

As noted in the March 2015 issue of the Boston Consulting Group Perspectives (BCGP), today's players in corporate banking must markedly change how they do business if they hope to thrive in the future.

BCGP posits that the new corporate banker must identify "new value propositions for clients, improving specialization and differentiation, building new credit capabilities that are better suited to the post-crisis environment, and investing in value-based pricing initiatives. Finally, there is a set of enablers that banks should focus on from front to back. These include digital prowess, operating excellence, and a high-performance organization."

Major CBD initiatives undertaken in the 2015 financial year covered the pursuit of core deposit growth, applying system upgrades to reflect unique identifiers for merchant deposits, verifying third-party online transfers to reflect source of funds, and accelerating the pace of client migration to the online wire platform.

System upgrades generated more efficient processing of client transactions at reduced cost, resulting in enhanced client satisfaction which ultimately increased client loyalty.

For the employee, these changes provided more time to address other client needs which require a human interface. For the organisation, the changes reduced cost while improving productivity and efficiency.

Resulting from these initiatives, our deposit base grew and enhanced our profitability. Increased use of technology for processing transactions also added to efficiency.

Our major areas of focus for the 2016 financial year will be on expanding our loan and deposit base, continuing technological improvements, and securing larger financing mandates. We will also fine-tune our organisational structure to produce increased loan processing capacity and efficiency.

Expanding our loan portfolio and deposit base is integral to continued growth in profitability, and routine use of technology will facilitate straight-through processing to garner desired efficiency.

The push for larger mandates is in tandem with increasing our fee income as a percentage of total and overall portfolio growth.

We will also be collaborating more closely with NCBCM in structuring financial solutions for our mutual clients as we seek to build out our footprint across the region.

These internal structural adjustments will facilitate CBD's growth strategy for the 2016 financial year and beyond…

Our Subsidiaries

- NCB Capital Markets Limited
- NCB Insurance Company Limited
- Advantage General Insurance Company Limited
- NCB Cayman
- NCB Global Finance Limited

NCB Capital Markets Limited

At NCB Capital Markets Limited (NCBCM), we embrace change as the rising tide that lifts all ships, daily executing strategies to bring clients, who have placed their trust in us, safely to shore and to a better state of being.

In the 2015 financial year, NCBCM embarked on several initiatives, including the launch of new products and regional expansion. By diversifying we were able to increase revenues and drive shareholder value, improve the efficiency of our operations and enhance the overall customer experience. We initiated a Joint Service Model (JSM) along with NCB Insurance Company Limited (NCBIC), launched new US$ unit trust portfolios and expanded our regional footprint while building our operations in existing markets.

Additionally, we restructured our operations in conformity with the new trust arrangement which resulted from the new Securities (Retail Repurchase Agreement) Regulations, 2014. We took the opportunity to further refine our client segmentation model in order to deliver better advisory service to our clients.

Regional Expansion

On May 27, 2015 we incorporated NCB Capital Markets (Barbados) Limited (NCBCMB) as our subsidiary in the Eastern Caribbean island of Barbados. NCBCMB received approval for a securities dealer licence from the Financial Services Commission in Barbados on September 22, 2015 and we began operations in October 2015 with NCBCMB as our investment banking hub in the Eastern Caribbean.

Barbados was chosen as our next foray into the regional expansion journey because we view this as an opportune time to invest in that country. Barbados is currently going through a period of economic recovery and the government has been seeking public-private sector partnerships to help bolster the recovery.

The establishment of NCBCMB follows closely on the heels of NCBCM's acquisition of AIC Finance Limited, renamed NCB Global Finance Limited (NCBGF), in Trinidad and Tobago and the refocusing of our Cayman subsidiary, NCB Capital Markets (Cayman) Limited (NCBCMKY), as a regional offshore wealth management hub.

In NCBGF we concentrated on building the team-recruiting resources for key areas, including investment banking and credit risk management. New policies and procedures were implemented to support growth in business activity and integrate our operations into the wider NCB group. There was greater focus on business development and boosting asset yields to drive profitability. In NCBCMKY, we rolled out our advisory model which we expect will serve as a complementary business to our wealth management operations in Jamaica, offering offshore financial services and a wider range of global investment products to existing clients and prospects. NCBCMKY serves as our regional wealth management hub. We anticipate that our regional presence will result in new investment opportunities for our clients.

Our Subsidiaries
CONT'D

The Launch of NCB US$ CAPFunds

Following the launch of our J$ Unit Trust Product - NCB CAPFunds in 2013, NCBCM continued the commitment to provide a more diverse unit trust offering to our customers with the launch of two US$ funds and a US$ Indexed Bond Fund in October 2014. With the addition of the new portfolios, our clients can build diversified portfolios while benefitting from our investment management expertise.

NCBCM's market share continued to increase since our entry into the Unit Trust market in November 2013. Relative to our 6% market share in April 2014, in the 2015 financial year we have realised a market share of 15.5% with J$22 billion in assets under management (AUM).

Our expansion of the Collective Investment Scheme (CIS) is in keeping with our strategy to grow our off balance sheet business to drive non-interest revenues and to provide our clients with investment alternatives. Since the launch of NCB CAPFund less than two years ago, we now rank as the third largest unit trust fund manager in the industry in terms of AUM. We have also seen more than a 200% increase in fee income spurred by the growth in our unit trust AUM.

Joint Servicing Initiative

To improve the efficiency of our sales force and provide our clients with better portfolio advisory services, NCBCM embarked on a joint service initiative with NCBIC. The Joint Servicing Initiative¬ (JSI) saw the merger of the service teams of both NCBCM and NCBIC. The merger, which took effect in July 2015, enabled customers of both entities to transact business with a single Customer Service Officer in NCB branches across the island.

By centralising the servicing activities across both entities, we can establish a dedicated sales team within NCBCM to focus mainly on selling portfolio advisory services and relationship management. Additionally, we have increased our sales capacity by 50%, and expect these changes to produce a better overall experience for customers, increase the productivity of our sales force and ultimately improve profitability for our stakeholders. The change also gave several of our service employees the opportunity to take on more challenging roles in the organisation after being promoted to the newly created positions.

New Retail Repo Framework

Our operations were also impacted by a major regulatory change in the Securities (Retail Repurchase Agreements) Regulations, 2014. This was a major change for the securities industry and was initiated as part of the GOJ's commitment under the current EFF with the IMF. NCBCM successfully transitioned into the new operational framework for the Retail Repo product by the stipulated August 31, 2015 deadline. Under this new regulatory framework, a trust arrangement was established with the Jamaica Central Securities Depository Trustee Services which serves as trustee to hold the product's underlying securities on behalf of clients. The change has resulted in a trust structure that provides additional protection for all retail repo investors.

As a result of the new Retail Repo Trust Structure, we have made the following changes to our operations:

- Allowable currencies for funding retail repos under the new framework are limited to J$ and US$ currencies only.
- The minimum investment for retail repos has been increased to J$1 million and US$10,000.

Clients that did not meet the minimum investable amount or currencies for the new retail repo framework were transferred to the unit trust money market funds or invited to avail themselves of a special Certificate of Deposit (CD) created in collaboration with our Retail Banking Division. This CD offers an attractive return while allowing clients to continue benefitting from NCBCM research and other financial planning material. We also used the opportunity provided by this regulatory change to further refine our client segmentation model and create a more focused approach in the wealth management space.

During the 2016 financial year, we will continue pursuing initiatives to improve the efficiency of our operations and deliver a better service experience to our clients. Regional expansion to diversify revenue streams and offer new products and services will continue to be a major theme. We anticipate launching our online platform and enabling client self-service to improve the turnaround time for customer transactions in the 2016 financial year.

NCB Insurance Company Limited

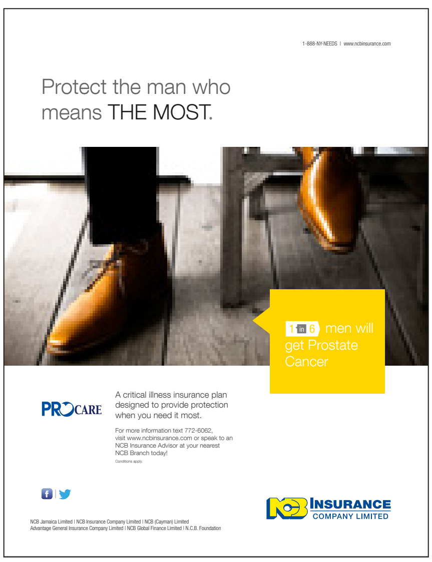
Increasing security for all Jamaicans

With most Jamaicans inadequately covered for life events that might adversely impact their economic wellbeing, NCB Insurance Company Limited (NCBIC) has been extending the frontier of information to educate individuals and institutions about insurance, and improve access to its benefits.

Insurance safeguards individuals and institutions against loss and uncertainty, and provides financial support when it is most needed. It is an increasingly important investment channel to ensure regular saving in the form of premium payments that are returned to customers as a lump sum on maturity.

Educating Jamaicans on the benefits of life insurance and introducing them to our valued products are still our focus at NCBIC. One major initiative undertaken for the 2015 financial year entailed enhancing our Creditor Life product to include joint coverage and critical illness benefits.

Brand Recognition and Awareness Programmes



Also significant was a Brand Recognition and Awareness initiative, comprising activities geared towards improving the brand recognition of our signature products. These initiatives were achieved through our ProCare and Men's Health Week, "I Benefitted" Omni Educator Campaign, and our Pension Seminar.

Our ProCare and Men's Health Week customers enjoyed free health checks and were introduced to our critical illness and life insurance products, which helped raise awareness that customers need to be properly protected against critical illnesses.

The "I Benefitted" Omni Educator Campaign allowed potential customers to see how satisfied customers, who also had a desire to see their children do well, had started receiving benefits that were giving their children the opportunity to self-actualise. By having other customers who benefitted from the product relay their experiences, potential customers could realise that the Omni Educator was the "must have" product to fund college tuition. The Pension Seminar and other marketing promotional activities geared towards the Group Business clientele resulted in 100% customer retention.

Organisation

In the 2015 financial year, ProCare and Men's Health Week generated a 53% increase in total income for ProCare and a 57% increase in total income for ProVision over the earlier year's results and Omni/Omni Educator total income grew by 12% over the corresponding period in 2014. Overall, there was a 6% increase in NCBIC's profitability from the various initiatives.

Sales and Service Teams Expansion

In keeping with our strategy of strengthening our sales force, we increased our sales complement by recruiting six direct Sales Agents and four Insurance Advisors. To ensure that our customers would receive greater after-sales support, we also established a Joint Servicing Team which merged NCBIC's and NCBCM's service teams.

The Joint Servicing Team was launched in the last quarter of the 2015 financial year and we expect to realise the benefits from this initiative in the 2016 financial year.

At the start of the 2015 financial year, NCBIC set a target of getting 80% of our sales force to achieve at least 80% of target. To date, the majority of team members have achieved this milestone in policy sales, total premiums and protection premiums. Although our team is the smallest in the industry, its stellar performance is recognised as the most productive in terms of policies sold per sales representative.

Our focus on performance improvement has driven how we recognise, reward, coach and manage the sales team, giving rise to the NCBIC Sales Reward and Recognition programme (SRR) which provides ample incentives to those advisors who exceed their targets.

The SRR provided monthly rewards and recognition for advisors who exceeded their targets, and advisors were emboldened to have more informed discussions with customers about their insurance, medium- and long-term savings and investment as well as pension planning needs, leading more customers to learn about our varied services.

NCBIC staff is among the most engaged at NCB. Not only were they well rewarded through the SRR but they also played an involved role in the ProCare and Men's Health Week as well as the Pension Seminar and other corporate functions. This level of involvement generated more meaningful campaigns as their ideas were incorporated into both the campaign design and its execution.

Our main areas of focus for the 2016 financial year include deeper penetration of the NCB customer base by improving NCB customer use of NCBIC products. Our target is increased insurance product penetration from 9% to 10% as we continue adding performance management monitoring initiatives to further improve the productivity of the NCBIC sales team.

Portfolio Growth

NCBIC intends to improve overall portfolio growth in the Individual Line Business. The focus of the Group Line Business will be on forming new alliances with other Insurance Brokers and Pension Administrators, targeting SMEs and large corporate clients for our Group Life product, offering the Creditor Life product to micro-financing agencies and other lending institutions as well as offering annuities to other Pension Administrators.

Our target for the 2016 financial year is ensuring that 80% of NCBIC advisors continue achieving 80% of target in cases, protection premiums and total premiums. For the Individual Line Business, NCBIC aims to increase new policies to the portfolio by 13% and for the Group Line Business, we aim to increase Group Life Premium Income, Creditor Life Premium Income and Annuity Premium Income by 45%.

For the 2016 financial year, our aim is to achieve a conservation rate of

Our Subsidiaries

CONT'D

88.5% on the Individual side of the business and 100% retention on the Group side of the business

Advantage General Insurance Company Limited

During the 2015 financial year, Advantage General Insurance Company Limited (AGIC) set the objective of finding new ways for our potential customers to purchase our reliable general insurance as we focus on delivering improved services and products to all our customers. In that context, AGIC deployed new technology in 2015 which was made available from the AGIC "Quote and Buy" online portal, making it easier for our customers to purchase motor vehicle policies from our website.

The period under review saw further distribution of our mobile application across the major mobile platforms (Android and iOS), resulting in improved delivery of customer service.

During the year, AGIC remained the leading motor insurance provider, achieving a 33% market share and solvency exceeding regulatory requirements while maintaining our market-leading financial performance.

Once again AGIC demonstrated its motto: "Our reliability is your peace of mind" as we completed the reconfiguration of the "flagship" customer service area of our New Kingston premises to enhance the convenience and comfort of policyholders and potential customers.

In addition, the Claims Oversight Committee that was formed in 2014 continued its restructuring of the Claims Management framework, which was aimed at ultimately reducing the settlement turnaround time for claims, realised a 15% reduction of claims outstanding.

Business Outlook 2016

Given the successful launch of our Tele-branch operations in the 2014 financial year and the continued growth in call volumes, we anticipate extending hours of service and broadening our functions in the non-traditional distribution channels. As we continue enhancing service delivery and digitising the workflows, we expect to introduce service kiosks in major AGIC locations to improve service turnaround times in such activities as policy renewals, quotations and claims notification. Our emphasis on underwriting profitability will continue as we optimise our claims management process.

REGIONAL OFFICES

NCB Cayman

NCB (Cayman) Limited provides international banking and wealth management services and is regulated by the Cayman Islands Monetary Authority.

Business Environment in Cayman

The domestic business environment continues to benefit from steady U.S. economic recovery and the resulting increase in tourist arrivals. The Cayman Islands annual economic report states that total visitors to the Cayman Islands grew by 15.8%, totalling 1.99 million in the 2014 financial year. Air arrivals increased by 10.8%, and cruise-ship visitors rebounded with a 17.0% growth following the 8.7% contraction in 2014. Nominal per capita income (GDP per person) increased to US$48,095, an improvement over the US$47,170 in the 2013 financial year. Supported by a downtrend in global oil prices, the average inflation rate in the 2015 financial year was 1.3%, lower than the 2.2% in the previous 2014 financial year. Total employment was estimated at 37,723, 4.5% higher than 2014. Consequently, the unemployment rate fell to 4.7% compared to 6.3% in the 2013 financial year.

The international financial services industry continued to exhibit mixed performance as new company and partnership registrations grew while declines were recorded for mutual fund registration, including master funds, insurance licences, stock exchange listing, as well as banks and trusts.

Impact of the Business Environment

Multilateral initiatives, such as FATCA and the OECD's Common Reporting Standard, which target low-tax financial jurisdictions, continue to increase the cost of doing business in the international financial industries.

In this challenging and dynamic environment, NCB Cayman will continue to focus on leveraging operational efficiency and building capacity for regional expansion. During the 2015 financial year, we experienced significant organic and inorganic growth and will continue exploring similar opportunities in the 2016 financial year. We expect our international banking and wealth management segments to grow significantly in the 2016 financial year.

NCB Global Finance Limited

NCB Global Finance Limited (NCBGF) is a Trinidad & Tobago domiciled non-bank financial institution that is licensed and regulated by the Central Bank of Trinidad & Tobago. NCBGF offers retail, corporate and investment banking services in addition to accepting fixed deposits and being a licensed foreign exchange (FX) dealer.

NCBGF was formally launched in September 2014 after NCB Capital Markets Limited acquired the entity (which was then known as AIC Finance Limited) in December 2013.

NCBGF's mandate is to build shareholder value by focusing on growing its asset base while maximising all opportunities in the FX and securities trading and capital markets space.

NCBGF will bring new opportunities to the NCBJ Group in the form of deal flow and access to investments opportunities in the southern Caribbean. Through NCBGF's efforts, the NCBJ Group will gain insight, access and participation in new markets that will in effect broaden the Group's reach and diversify our revenue origination.

During the 2015 financial year, NCBGF focused on building operations infrastructure that is now in place to support the Bank's rapid projected growth rate over the next five years. This newly boosted operations infrastructure will enable the NCBGF CEO, Angus P. Young, to focus on macro strategy and business development.

Restructured business development teams

During the 2015 financial year, NCBGF created business development teams for two main areas: (1) Retail Banking and (2) Corporate and Investment Banking. These teams are specifically geared towards servicing their target groups. In addition, the business development teams now capitalise on resources and expertise available from NCB to accomplish their objectives and offer our customers real value drawn from collaboration with the wider NCB Group.

Widened service lines

During the 2015 financial year, NCBGF was admitted to the Government of Trinidad and Tobago's Ministry of Finance fund raising panel and have also applied for a broker-dealer license from the Trinidad & Tobago Securities and Exchange Commission.

In acquiring the broker-dealer license, NCBGF will be able to engage in appropriate and relevant types of investment banking activities; resulting in a significant widening of the services we offer our customer base which going forward will include regional sovereigns and top-tier corporations.

Growth

NCBGF moved from a break-even position in the 2014 financial year (which represents the immediate period post acquisition by NCBJ) to declaring notable profits of J$59M in the 2015 financial year despite incurring several material non-recurring expenses related to legacy (pre-acquisition) issues. In the 2015 financial year, significant year-over-year variances included a 39% increase in Interest Income and a 140% growth in the loan portfolio. Interest expense decreased by 5% even though deposits grew by 17% and FX trading profits increased by 73%.

For the 2016 financial year, NCBGF will focus on NCB's brand recognition and corporate profile building; Human Resources & Operations; Retail Banking; Corporate & Investment Banking; Fund Raising and Treasury Management as well as Macro-Economic Strategy.

In fiscal year 2016, NCBGF will build out a new retail outlet to facilitate the rapid growth in lending with a focus on new motor vehicle financing and insurance premium financing. From an investment banking perspective, NCBGF will represent the group's interest in Trinidad & Tobago, the Dutch Caribbean, Guyana and Suriname.

Our People

The experience and skills needed to translate new and cutting-edge business strategies into their human capital implications—and then to drive measurable improvements in business performance—elude many organizations today.

- Accenture

Group Human Resources

The experience and skills needed to translate new and cutting-edge business strategies into their human capital implications—and then to drive measurable improvements in business performance—elude many organizations today. - Accenture

The Group Human Resources (HR) Division of NCB is at the forefront of driving a strategic human resources function dedicated to building organisational capabilities, institutional transformation readiness and employee capacity. We are committed to developing HR policies and practices which not only facilitate an environment of excellence and execution of our bold transformation agenda, but are also strategic differentiators for NCB.

Highlights of the 2015 financial year include the implementation of targeted professional development programmes and completion of a world class innovation laboratory facility which provides a space for innovators to collaborate, build, test, evaluate and showcase business solutions.

HR acknowledges its mandate to maintain alignment between HR strategy and NCB's strategies, enabling NCB to sustain the high level of performance demanded by our stakeholders.

Talent Management

Thought leaders at Johns Hopkins University define talent management as a set of integrated organisational human resource processes designed to attract, develop, motivate, and retain productive engaged employees. The objective of managing talent is to create a high performance, sustainable organisation which meets its strategic and operational goals and objectives. Fulfilment of NCB's aspiration to be the premier Caribbean financial institution requires a workforce with ready capabilities, innovative thinking and an agile mindset. In furtherance of this requirement, we executed the following three initiatives:

- Launch of our (internally built) competency based talent development framework (TalentED). TalentED represents the next generation in the professional development planning (PDP) process. The existing PDP tool was revamped to provide a structured format for employee competence development and integrated into theTalentED framework
- Implementation of a 30-day (virtual) Manager/ Supervisor On-boarding Programme focused on enhancing the leadership competences of our managers and supervisors to facilitate smoother transitions to positions of increased responsibility
- Creation of a sales assessment centre to facilitate the recruitment of a sales force equipped with the capabilities to deliver organisational objectives

In keeping with the acquisition strategy to optimise critical operations, we completed the integration of the HR processes and policies of NCB Global Finance Limited with existing NCB HR technological applications such as Autopro, Oracle HR and the Online Performance Management System (OPMS).

Learning and Development

A well executed sales and service strategy is a critical aspect of our transformation agenda. Under the Sales and Services strategic imperative, we are focused on increasing our sales footprint and driving sales through alternate channels to enhance the quality of customer interaction with the sales force. To accomplish this we directed our efforts to:

- Building organisational sales capacity through the implementation of a sales learning path for new recruits who were hired for non-sales positions and who were placed in revenue generating units. The impact of this initiative will be measured by the end of the 2015 financial year
- Expanding the number of client-relationship management and sales-related courses offered on the learning calendar and tracking post-course, on-the-job performance for effectiveness
- Continuing programmes in Wealth Management and Lifecycle Financial Planning to new cohorts in wealth and client-relationship management functions

As part of our ongoing focus on building leadership capacity, we continued the programmes offered by the Institute for Leadership and Organizational Development (ILOD). Our application for the re-accreditation of our Branch Management and Leadership Development Programmes (as short courses) was reviewed by the University Council of Jamaica and we await the outcome of its site visit and subsequent deliberations.

To enrich the opportunities for personal achievement available to our employees, we expanded the learning resources available on eCampus, revamped the homepage to enhance user functionality and acceptance and, as previously committed, increased by 10 the number of courses from our open learning catalogue for which we provided certification. To support several other key business strategies during 2015, we offered critical courses in data analytics, big data, and agile project management.

We also continued the workshops designed to hone the human resource management skills of our line managers and supervisors during 2015.

Innovation

Innovation can be a strategic catalyst for growth and development in a company as well as a significant source of competitive advantage. To further develop the culture of innovation within NCB, we completed the construction of a world class innovation laboratory facility and formally commissioned its use in January 2015. This laboratory provides a space for innovators to collaborate, build, test, evaluate and showcase business solutions. We also developed an innovation portal to enable the following:

- 24/7 submission of ideas
- Collaboration on ideas
- Tracking, monitoring and visibility of innovation efforts

We hosted two Buzz Sessions intended to heighten employee awareness of innovation and generate interest in the innovative process, and conducted a customer focus group around a potential new product.

To build organisational interest and participation, we hosted an Innovation Day Challenge in which we received 130 ideas –a number of which are being actively pursued at this time. In addition, there exists a vibrant portfolio of initiatives in varying stages of completion, ranging from proof of concept to pilot.

Positive Employee Climate

Maintaining sustained levels of organisational health is a critical component of a company's strategy to achieve superior financial and operating performance.

Organisational health, as defined by Keller & Price (2011), refers to the ability of an organisation's personnel to align around a clear vision, strategy, and culture; to execute with excellence; and to renew the organisation's focus over time by responding to market trends. During 2015, our efforts to mobilise our organisational health framework involved:

- Ensuring that change-management plans were developed and put into operation to support each major organisational initiative so that employees would get the requisite organisational support to adapt to and excel within the change
- Providing the knowledge and requisite tools to drive the execution of business imperatives through performance-management workshops
- Working with each business line to ensure understanding of the engagement issues unique to each business and monitoring the identified strategies to address the concerns

Our belief is that sustained high performance occurs when an employee is able to balance pursuit of his/her individual interests with the requirements of the job. Therefore, as part of our wellness strategy, we conducted three Workplace Wellness Expos intended to inform and educate our employees on better life options, and continued our partnerships to conduct health and wellness checks as well as knowledge sessions.

We believe that fostering an open and trusting environment characterised by transformational leadership, collaboration, willingness to take risks and a concomitant tolerance for failure is essential for the release of employee discretionary effort –a vital ingredient for generating and maintaining optimal levels of financial and operating business success.

Our Communities

The NCB Group's Corporate Social Responsibility (CSR) mandate embraces a relentless commitment to develop the communities in which we serve. Our aim is to ensure that the financial wellbeing of Jamaicans is tangibly demonstrated in our social and strategic undertakings.

Board Of Directors | NCB Foundation

STANDING Vernon James | David Wilson | Mrs. Irene Walter | Mrs. Marjorie Seeberan | Kanhai Skeen | Mrs. Marianne McIntosh Robinson | L. Stuart Reid

SEATED Andrew Pairman (Deputy Chair) | Mrs. Thalia Lyn, CD (Chair) | Ms. Nadeen Matthews (CEO) **ABSENT** Ms. Melissa Hendrickson

Our Communities

CONT'D

A significant milestone achievement was reached during the financial year ended September 30, 2015, when the Group celebrated donating more than J$1Billion in 10 years to nation building efforts in its areas of remit — Education, Sports & Community Development as well as Youth Leadership & Entrepreneurship directly impacting the lives of over 160,000 Jamaicans.

NCB Foundation as the strategic philanthropic arm of the NCB Group of Companies (NCB Group) undertakes and carries out the Group's CSR activities. It committed a total of J$97,768,383.73 towards social-economic projects for the 2015 financial year. This amount funded and administered projects under three areas of focus:

- 59% Education
- 28% Community Development & Sports
- 13% Youth Leadership and Entrepreneurship

EDUCATION

NCB Foundation's main funding continues to come from the Jamaican Education Initiative (JEI) that is financed by .5% of personal Keycard sales from the previous year, as well as .5% of the Bank's net profit from the previous year.

Key highlights of our investments in our main areas of focus are as follows:

Annual Scholarship and Grant Programme

NCB Foundation awards in excess of 350 grants from the primary to the tertiary school level annually; 12 parish scholarships for first-year university students for the duration of their undergraduate studies and two national scholarships with the same conditions.

NCB Group Chairman Michael Lee-Chin addresses the audience at the NCB Foundation Billion Dollar Celebration Launch where the Foundation celebrated passing the J$1-billion mark in supporting its areas of remit: education, community and sports development, and youth leadership and entrepreneurship. He encouraged Jamaicans to celebrate when people do well and regard them as the ideal role models.

During the 2015 financial year, a sum of $25M was again committed to NCB's flagship annual Scholarships and Grants Programme that assisted more than 350 students from the primary to the tertiary level island-wide. Of the students who benefitted, 14 parish champions were selected and awarded scholarships of $250,000 annually for the duration of their undergraduate degree.

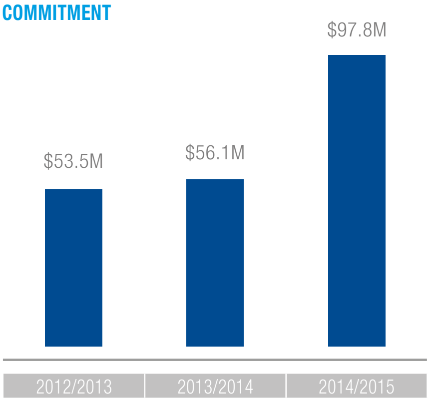
The 14 champions further vied for the National Champion title offering a chance to double their scholarship amount. Patrenia Williams of St. Elizabeth and Kevon Stewart of Kingston came out as National Champions and were awarded the J$500,000 scholarships. Approximately 40 returning tertiary students were also awarded annual scholarships under the programme.

CXC CSEC POA / POB Scholarship

This programme which pays the examination fees for the Caribbean Secondary Examination Council (CSEC) subjects for all registered students, is aligned to the Ministry of Education's (MOE) initiative to make secondary examinations accessible to more students thereby affording them the opportunity to matriculate to tertiary education. The MOE pays for four subjects and NCB Foundation then covers an additional two subjects - Principles of Accounts and Principles of Business – for qualifying students, allowing them the opportunity to sit six CSEC subjects free of cost. This fund continues to grow and stood at more than $11M in the last academic year. During the 2015 financial year 3,992 fees were paid in full for the amount of J$11,017,920 with a total of 115 schools benefitting islandwide.

Students of Mona High School happily received and displayed NCB's cheque for $11.5M for fees paid for students island- wide sitting the CSEC POA and POB for academic year 2014/2015. NCB Foundation's Director Irene Walter and Group Corporate Communications Manager, Belinda Williams share in the moment.

COMMITMENT



In alignment with our CSEC scholarship payments, a partnership with One on One Educational Services, a learning institution which provides personalised educational services and e-learning solutions to secondary school was done. Through this students got access to the CSEC Principles of Accounts and Principles of Business question and answer as part of a series that were published in the daily Gleaner over an eight week period right in time for use as revision material in their examination preparations.

Adopt a School Programme

A total of 31 primary schools across the island were adopted by the NCB Group and monitored by NCB branches and Division in the surrounding areas. The Adopt a School Programme is aimed at reaching more Jamaicans through direct intervention of the NCB branch, as well as departments, while encouraging volunteerism among staff. The programme assists the schools mainly with:

- infrastructure and equipment,
- Labour Day activities,
- mentorship,
- numeracy and literacy programmes

and other initiatives to support in the schools' development.

During the financial year ended September 30, 2015, the NCB Group also delivered 'More Than Money' Financial Literacy programme in the 31 adopted schools through the partnership of the Junior Achievement Programme. Over 35 employees from across the NCB Group were trained to deliver the educational material within the schools focused on financial literacy and teaching fifth grade students about earning, spending, sharing, and saving money, as well as about businesses they can start or jobs they can perform to earn money. One grade 5 class in each identified school was targeted to receive the programme and for the period under review over 629 students received training.

Academic Infrastructure and Equipment

Mona High School and Friendship Primary school were among schools which received equipment to enhance their academic infrastructure. Additionally, the Curlin Basic School in Mountain View, St. Andrew, received a water tank and pump to serve the school population at the start of the new school year and to contend with the drought periods.

COMMUNITY DEVELOPMENT & SPORTS

The NCB Foundation led the Group's annual Labour Day activities with over 20 projects being executed island-wide. From the activities four projects were earmarked in keeping with the national focus on children and resulted in work being done at the Pediatric as well as Accident and Emergency wards at the Spanish Town Hospital; the Victoria Jubilee Hospital Labour Ward; and Elletson and Mitzpah Primary schools. More than 600 volunteers participated across all projects with family, friends and members of the communities.

An annual sum of $5M will be spent in assisting the MVP Track and Field Club in its athletes' developmental needs and scholarship assistance. This investment has a matching sum made possible through the personal support of the NCB Chairman, Michael Lee-Chin.

NCBF renewed and invested in two large partnerships in the area of sports development during the 2015 financial year. These were the MVP/Digicel Grassroots programme that focuses on training both athletes and coaches at the secondary level across the island, and the Lucas Cricket Club's annual camp. The cricket camp had 50 students (80% returning) participating and benefiting from technical and developmental sessions through cricket as a discipline. Whilst the Grassroots Training programme is aimed at exposing high school coaches and athletes to more advanced training techniques in preparation for a career in track and field. Five training sessions were held across the island with at least 150 participants at each.

Charities

NCB Branches are integral in the execution of community efforts and have undertaken projects island-wide. In the December quarter, several Christmas treats were supported in schools, communities and civic groups for the young, elderly and less fortunate. The Foundation participated in a Facebook page campaign aimed at raising funds to assist Food for the Poor with its charitable work for the nation. This campaign was also extended to Bread Basket Ministries funded directly by NCB Capital Markets Limited; Mustard Seed Community by NCB Insurance Company Limited.

The Foundation also continued its partnership with Food for the Poor Jamaica with its first annual 5K race to raise funds to build more homes for Jamaicans across the island. A major objective of the charity was to build at least three homes ahead of the race through corporate sponsorship, and NCB, along with NCB Insurance Company Limited donated J$800,000 to the cause and built two of the three

Our Communities

CONT'D


NCB Volunteer Mona-Lisa Stewart seriously tends to her duties in building a home in partnership with Food For the Poor. NCB built two homes to support the Charity's push to build at least three homes ahead of their inaugural 5K fundraising drive. NCB along with NCB Insurance Company Limited donated $800,000 to the cause and built two of the three homes in St. James and St. Catherine.

homes in St. James and St. Catherine. Members of the NCB Volunteer Corps supported the projects by assisting in the building of the homes under the professional supervision of Food for the Poor. In addition, our team of over 150 staff members serving as volunteers offered varying level of support for the 5K race, with some acting as race marshals along the course.

NCB, through its Customer Care Unit, has had a long-standing relationship with the Wortley Home which housed 19 girls at its St Andrew facility. After the Home was gutted by fire earlier this year, NCB gave additional support to its rebuilding efforts. Through the Foundation's Volunteer Corps, over 12 persons, comprising staff members and scholars, partnered with Running Events for the Wortley Home Run.

Health, Medical assistance and the environment

Community Development activities during the year included assisting the Linstead Hospital with its rebuilding project intended to upgrade the hospital's ranking, in which the NCB Linstead Branch played a pivotal role.

In the final quarter of the year, the Foundation provided support for the Sickle Cell Unit which hosted its annual Teen Summer Camp at the Sickle Cell Unit at UWI. The camp was for children who are managing the Sickle Cell Disease, and focused on increasing their knowledge of the disease and on their ability to cope with living with a chronic disease. The camp exposed them to fun activities and personal development sessions. The Foundation assisted with the provision of bags, bottles, and meals for the campers.

The long-standing partnership with the Jamaica Environment Trust was renewed. The Foundation will again support the 2015 Schools' Environment Programme that aims to expose students across the island to best practices in environmental issues as well as give them the opportunity to develop and present projects of this nature.

YOUTH LEADERSHIP & ENTREPRENEURSHIP

NCB stands proud in its commitment to the development of young people as well as Jamaica's Small and Medium sized Entrepreneurs (SMEs), and delivered on a promise to this vital segment in a multi-faceted and strategic manner during the year.

Within the June quarter, the University of Technology received support for its School of Hospitality and Tourism Management Final Year student research Project Day as well as its Career and Placement Career Day. The Foundation also partnered with International Youth Fellowship (IYF) for its 2015 youth camp that exposed Jamaican youths to financial advice, cultural ideas and overall development. Additionally, through a partnership with the Development Bank of Jamaica (DBJ) NCB supported the National Business Model Competition to unearth budding entrepreneurial prospects and provide practical, on-the-ground training opportunities for our young student entrepreneurs.

Youth Career support

- NCB continued exploring opportunities to benefit entrepreneurs and provide employment, and was again proud to fund a programme costing US$7,500 at the Draper University for Tech-entrepreneur, Nicholas Kee. The training will teach the most promising entrepreneurs around the world how to build great technology companies by taking them to the Valley. Nicholas will move forward in an entrepreneurship programme.

Other Projects funded by the bank

NCB continues to directly finance developmental projects through its strategic business ventures. Some of the key projects for the year were:

- Business Rich Seminar for over 50 SME participants which is a part of the ActionCoach series in furtherance of the capacity building for SMEs.
- A 2-day workshop for the nominees and selected applicants for the NCB Nation Builder Awards. For this session, approximately 50 SMEs have been trained by members of the HEART Trust NTA team, the Tax Administration department, NCBIC, NCBCM and NCB Business Banker.
- The Jamaica Business Development Corporation (JBDC) Mobile Clinic executed a series of business clinics across the island with the aim of strengthening the capacity of Jamaican MSMEs. The mobile business clinic initiative will result in the decentralisation of business development services that are geared at reaching a wider cross-section of MSMEs in new and existing industries and sectors. For this quarter, the team visited Westmoreland, Hanover and Manchester.
- The NCB eCommerce Seminar which takes leading local eCommerce experts to NCB SMEs interested in taking their businesses online. The aim is to articulate requirements for accepting online payments, and position NCB as the go-to online-payment-solutions expert. Over 130 SMEs and Merchants participated in this event that was open to the general public, and the number of interests and leads are noteworthy.
- NCB Nation Builder Awards – the Bank's flagship SME recognition programme which identifies and rewards the contribution of our SME customers who build their businesses, communities and nation. The programme includes training sessions for capacity building as well as other tools and equipment provided through our technology, education and business partners.
- The re-staging of the booked out biennial 3-day NCB SME Conference 2015 to over 130 entrepreneurs at the Secrets Resorts & Spa in Montego Bay, St. James. The Conference, valued at over J$38M was largely subsidised by NCB and had the support of key corporate partners.

Award

In recognition of our exemplary role as an active Corporate Citizen, National Commercial Bank Jamaica Limited received the 2015 AMCHAM Business & Civic Leadership Award for Excellence in the Corporate Social Responsibility Large Organisation category. NCB got the award for work undertaken by the bank and its Foundation since 2003.

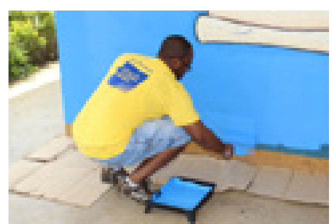
NCB continues to build the communities it serves through the work of the Foundation, its branches and its staff. We are forever grateful for the support of our customers and shareholders who make it possible for us to continue to do well and do good.

Alec Tomlin NCB Hagley Park Branch team member and volunteer, presents back to school treats to children of the Church of God 7th Day Adventist.

NCB Volunteers from May Pen participates as part of the Adopt a-School programme in the Read Across Jamaica Day at the Hazard Primary School.

Students receive Christmas treats from NCB Volunteers

NCB received the prestigious AMCHAM 2015 CSR Awards for Excellence in recognition of corporate social work done through the Bank and its Foundation. Sharing in the moment are NCB Executives and past Scholars. (L-R) Dennis Cohen, Group Finance and Deputy Managing Director; Jason Bulgin, past scholar and NCB Risk Officer; Patrick Hylton, Group Managing Director; Nadeen Matthews, Chief Digital and Marketing Officer and CEO NCB Foundation; Dr. Princeton Brown, past scholar; Tamara McHayle, past scholar and Journalist; and Mario Jackson, past scholar and Science Teacher.



NCB Volunteers turned out in their numbers to support one of the over 20 projects undertaken for Labour Day 2015. Here a volunteer assists with painting the Spanish Town Hospital.

Strategic Outlook 2015-2016

The 2015/2016 financial year represents the final year in a 5-year strategy to become a leading financial institution in the English and Spanish speaking Caribbean.

During the year, we will focus on meeting the remaining objectives as established in this five-year plan, while we initiate the planning for our strategy that will take us to 2020.

Our focus

for the financial year will
remain on our four (4) organic growth pillars

Sales and Service Effectiveness

We will be enhancing our sales and service model, originally defined in 2010, to drive increased productivity through existing and new channels.

Lending Expansion

We will be introducing new processes to shorten the turnaround time for customers to access loans and credit cards.

Payments Innovation

We will be enhancing the value proposition on our existing suite of products (e.g. cards, point of sale, and e-commerce), while introducing new payment options to the market.

Efficiency Optimisation

We will continue to make changes to the operating model of the organisation to improve cost efficiency.

In addition to our organic growth initiatives, we will also continue to aggressively pursue our regional expansion agenda, while integrating recent acquisitions.

To support

our organic and inorganic initiatives, we will be focused on three cross-cutting and reinforcing themes:

- Customer Experience
- People Development and Engagement
- Digitisation

Through the execution of these initiatives, we seek to embody this year's theme,

Reimagined, Redefined: **The Bank of the Future**

At the heart of NCB's strategy is the continued desire to sustain its high performance over the long term for the benefit of all stakeholders – customers, employees, shareholders and citizens. It is this focus that has resulted in the accomplishments year to date and those to come. We look forward to another successful financial year in 2015/2016.

Financial Statements

September 30, **2015**

Index

September 30, 2015

Index

September 30, 2015

Notes to the Financial Statements 119 - 250

National Commercial Bank Jamaica Limited

Directors Report

September 30, 2015

The directors submit herewith the Consolidated Income Statement of National Commercial Bank Jamaica Limited and its subsidiaries for the year ended September 30, 2015, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	61,183,893
Profit before taxation	16,384,099
Taxation	(4,082,309)
Net profit	12,301,790

Dividends

The following dividends were paid during the year:

- $0.96 per ordinary stock unit was paid in December 2014
- $0.45 per ordinary stock unit was paid in February 2015
- $0.45 per ordinary stock unit was paid in May 2015
- $0.45 per ordinary stock unit was paid in August 2015

Another interim dividend of $0.85 per ordinary stock unit was declared for payment in December 2015. The directors recommend that the Company's final dividend be $2.20, representing the aggregate of the interim dividends declared in 2015.

Directors

During the financial year, the Board of Directors comprised:

- Hon. Michael A. Lee-Chin, OJ - Chairman
- Mr Patrick A.A. Hylton, CD – Group Managing Director
- Mr Dennis G. Cohen – Group Finance and Deputy Managing Director
- Mr Robert W. Almeida
- Mr Wayne C. Chen
- Mrs Sandra A.C. Glasgow
- Mrs Sanya M. Goffe
- Hon. Noel A.A. Hylton, OJ, CD, Hon. LL B
- Mrs Thalia G. Lyn, OD
- Professor Alvin G. Wint, CD
- Mr Oliver Mitchell Jr. *(appointed August 13, 2015)*

Company Secretary

The Company Secretary is Mr Dave L. Garcia.

Pursuant to Article 95 of the Company's Articles of Incorporation, one third of the Directors (or the number nearest to one third) other than the Managing Director and Deputy Managing Director will retire at the Annual General Meeting and shall then be eligible for re-election.

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board

Dave L. Garcia
Company Secretary

Independent Auditor's Report

To the Members of
National Commercial Bank Jamaica Limited

Report on the Consolidated and Company Stand-Alone Financial Statements
We have audited the accompanying consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, set out on pages 107 to 250, which comprise the consolidated statement of financial position as at 30 September 2015 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of National Commercial Bank Jamaica Limited standing alone, which comprise the statement of financial position as at 30 September 2015 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand-Alone Financial Statements
Management is responsible for the preparation of consolidated and company stand-alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated and company stand-alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand-alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand-alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand-alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand-alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand-alone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan

National Commercial Bank Jamaica Limited
Independent Auditor's Report
Page 2

Opinion

In our opinion, the consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, and the financial statements of National Commercial Bank Jamaica Limited standing alone give a true and fair view of the financial position of National Commercial Bank Jamaica Limited and its subsidiaries and of National Commercial Bank Jamaica Limited standing alone as at 30 September 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of National Commercial Bank Jamaica Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and company stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers,
Chartered Accountants
November 19, 2015
Kingston, Jamaica

Consolidated Income Statement

Year ended September 30, 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000
Operating Income			
Interest income		37,485,884	36,899,627
Interest expense		(11,521,854)	(12,238,960)
Net interest income	6	25,964,030	24,660,667
Fee and commission income		11,976,517	10,597,396
Fee and commission expense		(2,189,124)	(1,930,225)
Net fee and commission income	7	9,787,393	8,667,171
Gain on foreign currency and investment activities	8	3,753,037	2,592,645
Premium income	9	7,641,621	6,997,961
Dividend income	10	126,095	160,586
Other operating income		200,739	174,619
		11,721,492	9,925,811
		47,472,915	43,253,649
Operating Expenses			
Staff costs	11	11,942,482	11,523,930
Provision for credit losses	22	1,799,158	2,226,949
Policyholders' and annuitants' benefits and reserves	12	3,875,319	4,397,682
Depreciation and amortisation		1,563,551	1,247,403
Impairment losses on securities	13	79,765	200,085
Other operating expenses	14	12,211,459	9,740,893
		31,471,734	29,336,942
Operating Profit		16,001,181	13,916,707
Negative goodwill on acquisition of subsidiary	48	-	301,441
Share of profit of associates	25	433,666	902,696
(Loss)/gain on dilution/disposal of investment in associate		(50,748)	349,042
Profit before Taxation		16,384,099	15,469,886
Taxation	15	(4,082,309)	(3,142,766)
NET PROFIT		12,301,790	12,327,120
Earnings per stock unit (expressed in $)			
Basic and diluted	16	5.00	5.01

Consolidated Statement of Comprehensive Income

Year ended September 30, 2015
(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	Restated 2014 $'000
Net Profit	12,301,790	12,327,120
Other Comprehensive Income, net of tax -		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	(258,608)	(172,470)
Items that may be reclassified subsequently to profit or loss		
Currency translation gains	260,083	350,724
Unrealised gains on available-for-sale investments	610,551	220,016
Realised fair value gains on sale and maturity of available-for-sale investments	(676,318)	(181,359)
Realised gains on disposal of investment in associate	-	(308,936)
	194,316	80,445
Total other comprehensive income	(64,292)	(92,025)
TOTAL COMPREHENSIVE INCOME	12,237,498	12,235,095

Consolidated Statement of Financial Position

September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000	Restated 2013 $'000
ASSETS				
Cash in hand and balances at Central Banks	17	28,875,090	29,795,115	24,388,683
Due from other banks	18	24,064,233	20,393,555	19,328,412
Derivative financial instruments	19	486,783	581,668	387,304
Investment securities at fair value through profit or loss	20	943,184	523,393	380,755
Reverse repurchase agreements	21	2,148,117	1,621,798	328,105
Loans and advances, net of provision for credit losses	22	165,404,606	157,630,000	141,150,312
Investment securities classified as available-for-sale and loans and receivables	23	166,019,274	105,557,761	100,856,119
Pledged assets	24	110,659,584	159,488,612	134,530,695
Investment in associates	25	6,307,220	5,913,804	8,512,251
Investment properties	26	475,500	484,500	462,500
Intangible assets	27	2,812,563	2,463,849	1,837,974
Property, plant and equipment	28	8,030,877	7,313,869	6,438,707
Deferred income tax assets	29	70,242	23,390	31,710
Income tax recoverable		902,435	1,184,083	2,173,835
Customers' liability – letters of credit and undertaking		1,775,088	1,270,160	1,479,108
Other assets	30	4,840,365	5,099,535	4,288,585
Total Assets		523,815,161	499,345,092	446,575,055

Consolidated Statement of Financial Position

September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000	Restated 2013 $'000
LIABILITIES				
Due to other banks	31	6,146,366	6,336,574	17,410,200
Customer deposits		227,850,985	202,162,392	178,411,021
Repurchase agreements		100,004,008	134,690,626	117,377,395
Obligations under securitisation arrangements	32	44,292,064	13,885,577	10,101,032
Derivative financial instruments	19	52,794	52,660	1,437
Other borrowed funds	33	8,595,313	11,992,819	4,900,592
Income tax payable		181,084	92,408	14,299
Deferred income tax liabilities	29	1,793,557	2,455,791	2,413,121
Liabilities under annuity and insurance contracts	35	34,689,274	34,230,910	33,914,506
Provision for litigation	36	1,500	3,053	11,500
Post-employment benefit obligations	37	2,940,888	2,185,311	1,793,616
Liability – letters of credit and undertaking		1,775,088	1,270,160	1,479,108
Other liabilities	38	7,098,029	8,140,428	6,230,508
Total Liabilities		435,420,950	417,498,709	374,058,335
EQUITY				
Share capital	39	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	39	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	40	2,765,321	2,571,005	2,490,560
Loan loss reserve	41	5,706,122	5,375,901	5,141,357
Banking reserve fund	42	6,518,648	6,512,634	6,512,634
Retained earnings reserve	43	20,810,000	19,430,000	18,050,657
Retained earnings		46,131,777	41,494,500	33,859,169
Total Equity		88,394,211	81,846,383	72,516,720
Total Equity and Liabilities		523,815,161	499,345,092	446,575,055

Approved for issue by the Board of Directors on November 12, 2015 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Dennis Cohen — Group Finance and Deputy Managing Director

Professor Alvin Wint — Director

Dave Garcia — Company Secretary

Consolidated Statement of Changes in Equity

Year ended September 30, 2015

(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 October 1, 2013, as previously reported	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,311,585	71,969,136
Restatement on adoption of IFRIC 21 (Note 53)	-	-	-	-	-	-	547,584	547,584
Balance at October 1, 2013, as restated	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,859,169	72,516,720
Total comprehensive income, as restated	-	-	80,445	-	-	-	12,154,650	12,235,095
Dividends paid	-	-	-	-	-	-	(2,905,432)	(2,905,432)
Transfer to Loan Loss Reserve	-	-	-	234,544	-	-	(234,544)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,379,343	(1,379,343)	-
Balance at October 1, 2014, as restated	6,465,731	(3,388)	2,571,005	5,375,901	6,512,634	19,430,000	41,494,500	81,846,383
Total comprehensive income	-	-	194,316	-	-	-	12,043,182	12,237,498
Dividends paid	-	-	-	-	-	-	(5,689,670)	(5,689,670)
Transfer to Loan Loss Reserve	-	-	-	330,221	-	-	(330,221)	-
Transfer to Banking Reserve Fund	-	-	-	-	6,014	-	(6,014)	
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,380,000	(1,380,000)	-
Balance at September 30, 2015	6,465,731	(3,388)	2,765,321	5,706,122	6,518,648	20,810,000	46,131,777	88,394,211

Consolidated Statement of Cash Flows

Year ended September 30, 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000
Cash Flows from Operating Activities			
Net profit		12,301,790	12,327,120
Adjustments to reconcile net profit to net cash (used in)/provided by operating activities		(12,652,165)	24,003,855
Net cash (used in)/provided by operating activities	44	(350,375)	36,330,975
Cash Flows from Investing Activities			
Acquisition of subsidiary, net of cash acquired	48	-	569,044
Deferred consideration paid		-	(262,939)
Acquisition of property, plant and equipment	28	(1,754,575)	(1,737,437)
Acquisition of intangible asset – computer software	27	(913,066)	(1,032,921)
Proceeds from disposal of property, plant and equipment		104,347	79,395
Proceeds from disposal of investment in associate	25	-	2,933,386
Dividends received from associates	25	142,931	230,127
Purchases of investment securities		(108,208,499)	(116,014,128)
Sales/maturities of investment securities		94,042,504	76,889,729
Net cash used in investing activities		(16,586,358)	(38,345,744)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		28,394,178	2,647,894
Proceeds from other borrowed funds		1,517,844	7,904,900
Repayments of other borrowed funds		(8,078,556)	(1,020,281)
Due to other banks		(448,369)	(7,919,014)
Dividends paid		(5,689,670)	(2,905,432)
Net cash provided by/(used in) financing activities		15,695,427	(1,291,933)
Effect of exchange rate changes on cash and cash equivalents		1,874,467	2,991,294
Net increase/(decrease) in cash and cash equivalents		633,161	(315,408)
Cash and cash equivalents at beginning of year		28,246,559	28,561,967
Cash and Cash Equivalents at End of Year		28,879,720	28,246,559
Comprising:			
Cash in hand and balances at Central Banks	17	5,627,242	6,961,360
Due from other banks	18	23,423,198	20,147,323
Reverse repurchase agreements	21	1,698,845	1,008,500
Investment securities	23	1,024,402	2,765,182
Due to other banks	31	(2,893,967)	(2,635,806)
		28,879,720	28,246,559

Income Statement

Year ended September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000
Operating Income			
Interest income		27,390,043	26,127,855
Interest expense		(7,583,213)	(7,712,629)
Net interest income	6	19,806,830	18,415,226
Fee and commission income		10,079,414	9,115,633
Fee and commission expense		(2,189,124)	(1,930,225)
Net fee and commission income	7	7,890,290	7,185,408
Gain on foreign currency and investment activities	8	1,964,961	1,013,915
Dividend income	10	2,493,297	1,877,943
Other operating income		140,974	141,610
		4,599,232	3,033,468
		32,296,352	28,634,102
Operating Expenses			
Staff costs	11	9,701,642	9,531,853
Provision for credit losses	22	1,795,638	2,230,406
Depreciation and amortisation		1,329,059	1,082,346
Other operating expenses	14	9,708,996	8,006,288
		22,535,335	20,850,893
Operating profit		9,761,017	7,783,209
Gain on disposal of investment in associate		-	1,796,456
Profit before taxation		9,761,017	9,579,665
Taxation	15	(1,872,535)	(1,361,327)
NET PROFIT		7,888,482	8,218,338

Statement of Comprehensive Income

Year ended September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	Restated 2014 $'000
Net Profit	7,888,482	8,218,338
Other Comprehensive Income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurement of the post-employment benefit obligations	(279,853)	(210,372)
Items that may be reclassified subsequently to profit or loss		
Unrealised gains on available-for-sale investments	276,327	530,007
Realised fair value gains on sale and maturity of available-for-sale investments	(323,004)	(277,378)
	(46,677)	252,629
Total other comprehensive income	(326,530)	42,257
TOTAL COMPREHENSIVE INCOME	7,561,952	8,260,595

Statement of Financial Position

September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015	Restated 2014	Restated 2013
		$'000	$'000	$'000
ASSETS				
Cash in hand and balances at Central Bank	17	28,704,268	29,684,148	24,377,531
Due from other banks	18	21,238,200	19,034,879	18,787,758
Derivative financial instruments	19	433,989	529,008	387,304
Reverse repurchase agreements	21	2,601,543	1,471,326	760,724
Loans and advances, net of provision for credit losses	22	162,675,184	156,335,868	140,443,240
Investment securities classified as available-for-sale and loans and receivables	23	87,850,982	38,751,595	36,537,858
Pledged assets	24	35,390,769	79,113,242	57,556,696
Investment in associates	25	2,208,203	2,208,203	2,679,737
Investment in subsidiaries		1,609,609	1,609,609	1,609,609
Intangible assets	27	2,106,836	1,707,191	1,207,893
Property, plant and equipment	28	7,022,879	6,315,122	5,564,391
Income tax recoverable		-	288,037	1,157,263
Customers' liability – letters of credit and undertaking		1,775,088	1,270,160	1,479,108
Other assets	30	3,620,112	4,240,351	2,789,447
Total Assets		357,237,662	342,558,739	295,338,559

Statement of Financial Position

September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000	Restated 2013 $'000
LIABILITIES				
Due to other banks	31	14,900,542	12,630,290	21,430,317
Customer deposits		214,448,535	198,715,823	179,099,655
Repurchase agreements		19,784,945	50,146,739	30,271,641
Obligations under securitisation arrangements	32	44,292,064	13,885,577	10,101,032
Derivative financial instruments	19	-	-	1,437
Other borrowed funds	33	4,900,163	8,235,730	2,985,250
Income tax payable		116,965	-	-
Deferred tax liabilities	29	1,570,735	2,274,191	2,176,182
Provision for litigation	36	1,500	3,053	11,500
Post-employment benefit obligations	37	2,726,770	2,098,933	1,702,720
Liability – letters of credit and undertaking		1,775,088	1,270,160	1,479,108
Other liabilities	38	4,562,117	7,003,735	5,135,024
Total Liabilities		309,079,424	296,264,231	254,393,866
EQUITY				
Share capital	39	6,465,731	6,465,731	6,465,731
Fair value and capital reserves	40	118,584	165,261	(87,368)
Loan loss reserve	41	5,706,122	5,375,901	5,141,357
Banking reserve fund	42	6,512,634	6,512,634	6,512,634
Retained earnings reserve	43	20,810,000	19,430,000	18,050,657
Retained earnings		8,545,167	8,344,981	4,861,682
Total Equity		48,158,238	46,294,508	40,944,693
Total Equity and Liabilities		357,237,662	342,558,739	295,338,559

Approved for issue by the Board of Directors on November 12, 2015 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Dennis Cohen — Group Finance and Deputy Managing Director

Professor Alvin Wint — Director

Dave Garcia — Company Secretary

Statement of Changes in Equity

Year ended September 30, 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at September 30, 2013, as previously reported	6,465,731	(87,368)	5,141,357	6,512,634	18,050,657	4,496,097	40,579,108
Restatement on adoption of IFRIC 21 (Note 53)	-	-	-	-	-	365,585	365,585
Balance at September 30, 2013, as restated	6,465,731	(87,368)	5,141,357	6,512,634	18,050,657	4,861,682	40,944,693
Total comprehensive income, as restated	-	252,629	-	-	-	8,007,966	8,260,595
Dividends paid	-	-	-	-	-	(2,910,780)	(2,910,780)
Transfer to Loan Loss Reserve	-	-	234,544	-	-	(234,544)	-
Transfer to Retained Earnings Reserve	-	-	-	-	1,379,343	(1,379,343)	-
Balance at September 30, 2014, as restated	6,465,731	165,261	5,375,901	6,512,634	19,430,000	8,344,981	46,294,508
Total comprehensive income	-	(46,677)	-	-	-	7,608,629	7,561,952
Dividends paid	-	-	-	-	-	(5,698,222)	(5,698,222)
Transfer to Retained Earnings Reserve	-	-	-	-	1,380,000	(1,380,000)	-
Transfer to Loan Loss Reserve	-	-	330,221	-		(330,221)	-
Balance at September 30, 2015	6,465,731	118,584	5,706,122	6,512,634	20,810,000	8,545,167	48,158,238

Statement of Cash Flows

Year ended September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	Restated 2014 $'000
Cash Flows from Operating Activities			
Net profit		7,888,482	8,218,338
Adjustments to reconcile net profit to net cash (used in)/provided by operating activities		(20,246,848)	21,491,116
Net cash (used in)/provided by operating activities	44	(12,358,366)	29,709,454
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	28	(1,642,562)	(1,531,386)
Acquisition of intangible asset – computer software	27	(830,654)	(818,046)
Proceeds from disposal of investment in associate	25	-	2,267,990
Proceeds from disposal of property, plant and equipment		102,214	53,155
Purchases of investment securities		(40,548,741)	(50,075,761)
Sales/maturities of investment securities		33,127,035	22,017,497
Net cash used in investing activities		(9,792,708)	(28,086,551)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		28,394,178	2,647,894
Proceeds from other borrowed funds		861,269	5,805,721
Repayments of other borrowed funds		(4,267,087)	(666,086)
Due to other banks		(4,712,017)	(4,742,214)
Dividends paid		(5,698,222)	(2,910,780)
Net cash provided by financing activities		14,578,121	134,535
Effect of exchange rate changes on cash and cash equivalents		1,858,082	2,543,644
Net (decrease)/increase in cash and cash equivalents		(5,714,871)	4,301,082
Cash and cash equivalents at beginning of year		26,932,581	22,631,499
Cash and Cash Equivalents at End of Year		21,217,710	26,932,581
Comprising:			
Cash in hand and balances at Central Bank	17	5,582,703	6,948,847
Due from other banks	18	20,597,165	18,788,647
Reverse repurchase agreements	21	2,601,504	40,000
Investment securities	23	1,012,702	2,749,182
Due to other banks	31	(8,576,364)	(1,594,095)
		21,217,710	26,932,581

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited ("the Bank") is incorporated in Jamaica, was licensed under the Banking Act, 1992 and is now licensed under the Banking Services Act, 2014. The Bank is a 51.82% (2014 - 46.82%) 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, Chairman of the Bank.

The Bank's registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Bank's ordinary stock units are 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 The Group	
		2015	2014
Data-Cap Processing Limited	Security Services	100	100
Mutual Security Insurance Brokers Limited	Dormant	100	100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services	100	100
Advantage General Insurance Company Limited	General Insurance	100	100
NCB Capital Markets (Cayman) Limited	Securities Dealing	100	100
NCB Global Finance Limited (formerly AIC Finance Limited)	Merchant Banking	100	100
NCB Capital Markets (Barbados) Limited	Brokerage Services	100	Nil
NCB (Cayman) Limited	Commercial Banking	100	100
NCB Trust Company (Cayman) Limited (formerly NCB Investments (Cayman) Limited)	Dormant	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	Dormant	100	100
NCB Remittance Services (Jamaica) Limited	Dormant	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 Trust Company (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, NCB Global Finance Limited which is incorporated in Trinidad and Tobago and NCB Capital Markets (Barbados) Limited which is incorporated in Barbados.

Incorporation of NCB Capital Markets (Barbados) Limited
NCB Capital Markets (Barbados) Limited was incorporated in May 2015 and obtained a securities dealer license from the Barbados Financial Services Commission in September 2015.

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

The Group's associates, which are all incorporated in Jamaica, are as follows:

	Principal Activities	Percentage ownership by The Group	
		2015	2014
Dyoll Group Limited	In Liquidation	44.47	44.47
Elite Diagnostic Limited	Medical Imaging Services	29.61	29.61
Jamaica Money Market Brokers Limited	Securities Dealer and Stock Brokerage Services	26.30	26.30
Kingston Properties Limited	Ownership of real estate properties	-	25.17

In July 2015, Kingston Properties Limited increased its ordinary share capital by way of a rights issue which resulted in a dilution of the Group's interest from 25.17% to 10.76%. The Group's holdings have therefore been reclassified from investment in associates to investment securities.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with, and comply 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards 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 interpretations and amendments, and has adopted the following, which are relevant to its operations:

IAS 32 (Amendment), 'Financial Instruments: Presentation', (effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The standard clarified that a qualifying right of set off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy. There was no significant impact from adoption of this amendment during the year.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Amendments to IFRS 10, IFRS 12 and IAS 27 – 'Investment entities', (effective for annual periods beginning 1 January 2014). These amendments introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. There was no impact from adoption of these amendments during the year.

IFRIC 21, 'Levies', (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 addresses the accounting for a liability to pay a levy recognised in accordance with *IAS 37, 'Provisions, contingent liabilities and contingent assets'*, and the liability to pay a levy whose timing and amount is uncertain. It excludes income taxes within the scope of *IAS 12, 'Income taxes'*. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The Group adopted this interpretation effective 1 October 2014. The Group had previously recognised liabilities for asset-based taxes progressively during the year. Following adoption, the Group recognises these liabilities in full at the trigger dates under the Assets Tax (Specified Bodies) Act in Jamaica. The impact arising from adoption is set out in Note 53.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36), (effective for annual periods beginning on or after 1 January 2014). The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognised or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. There was no significant impact from adoption of this amendment during the year.

IAS 19 (Amendment) – 'Defined Benefit Plans: Employee Contributions', (effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. There was no significant impact from adoption of this amendment during the year.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Annual Improvements 2012, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements comprise changes to a number of standards, the following of which are relevant to the Group's operations. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. There was no significant impact from adoption of these amendments during the year.

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following are relevant to the Group's operations. IFRS 13 was amended to clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. There was no significant impact from adoption of these amendments during the year.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace *IAS 39 'Financial Instruments: Recognition and Measurement'*, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9, 'Financial Instruments' (continued)

The Group is still assessing the potential impact of adoption and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The Group expects the following impacts following adoption of the standard.

The Group expects that, in many instances, the classification and measurement outcomes will be similar to IAS 39, although differences may arise, for example, since IFRS 9 does not apply embedded derivative accounting to financial assets. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39.

Regarding credit loss provisioning, the Group expects that, as a result of the recognition and measurement of impairment under IFRS 9 being more forward-looking than under IAS 39, the resulting impairment charge may tend to be more volatile. It may also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

The Group does not currently adopt hedge accounting but may consider doing so in future under the simplifications under the new standard.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Amendments to IAS 27, 'Associates', (effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is currently assessing whether to use the equity method in the separate financial statements of the Bank.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

(b) Basis of consolidation

Subsidiaries

Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds less than majority of voting power in an entity. In such a case, the Group assesses the size of its of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. Protective rights of other investors, such as those that relate to fundamental changes in the entities activities or apply only in exceptional circumstances, do not prevent the Group from controlling an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Bank's stand-alone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The results of associates with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

In the Bank's stand-alone financial statements, investments in associates are accounted for at cost less impairment.

2. Significant Accounting Policies (Continued)

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the Group Managing Director.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the Bank's functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

2. Significant Accounting Policies (Continued)

(e) Revenue recognition

Interest income and expense

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group accounts for interest income on loans in accordance with Jamaican banking regulations. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(t).

Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Significant Accounting Policies (Continued)

(f) Income taxes

Taxation expense in the income statement comprises current and deferred income tax charges.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently and enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), due from other banks, investment securities and due to other banks.

(h) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

2. Significant Accounting Policies (Continued)

(i) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(j) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the requirements of IFRS

The Group continuously monitors loans or groups of loans for indicators of impairment. In the event that indicators are present, the loans or groups of loans are tested for impairment. A provision for credit losses is established if there is objective evidence of impairment. A loan or group of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event has reduced the estimated future cash flows of the loan and the amount of the reduction can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the obligor;

(ii) default or delinquency in interest or principal payments;

(iii) having to grant the borrower a concession that would not otherwise be considered due to the borrower's financial difficulty;

(iv) the probability that the borrower will enter bankruptcy or other financial reorganisation; or

(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans, although the decrease cannot yet be identified with the individual loan in the portfolio, including:

  a) adverse changes in the payment status of borrowers in the portfolio; and

  b) national or local economic conditions that correlate with defaults on the loan portfolio.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. For accounting purposes, the carrying amount of the loan is reduced through the use of a provision for credit losses account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers loan type, industry, collateral type and past-due status). Those characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

2. Significant Accounting Policies (Continued)

(j) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the requirements of IFRS (continued)

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the group. Losses over the preceding 12 months are used as a baseline to determine historical loss experience for loans with credit risk characteristics similar to those in the group. This historical loss experience is then adjusted, if necessary, to reflect broader economic trends over the most recent 24-month period with a 36-month look back period used on the highest risk portfolios. Finally, applicable adjustments are made on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data and our assessment of changes in the economy from period to period (for example, changes in unemployment levels, property and motor vehicle prices, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is deemed uncollectible, it is written off against the related provision for credit losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the provision for credit losses. The amount of the reversal is recognised in the income statement.

Provision for credit losses determined under the Bank of Jamaica regulatory requirements

The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to reserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a "specific provision" and a "general provision". The specific is determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

2. Significant Accounting Policies (Continued)

(j) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the Bank of Jamaica regulatory requirements (continued)
The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

A general provision is established for all loans (other than loans for which specific provisions were established) at 1% of the amounts outstanding.

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

Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at fair value through profit or loss is recognised in interest income. All other realised and unrealised gains and losses are included in gain on foreign currency and investment activities.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in other comprehensive income. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in other comprehensive income are transferred to the income statement.

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

2. Significant Accounting Policies (Continued)

(k) Investment securities (continued)

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets are assessed at each date of the statement of financial position for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised on the equity instruments are not reversed through the income statement.

All purchases and sales of investment securities are recognised at settlement date.

Investment securities are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(l) Investment property

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. The property is not occupied by the Group.

Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

2. Significant Accounting Policies (Continued)

(m) Intangible assets

Computer software

Costs that are directly associated with acquiring and developing identifiable and unique software products are recognised as intangible assets. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of five years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Customer relationships and trade name

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twenty years.

(n) Property, plant and equipment

Land and buildings are shown at deemed cost less impairment losses, and less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

Freehold buildings	2%
Leasehold improvements	Period of lease
Computer equipment	20 - 33 1/3%
Office equipment and furniture	20%
Other equipment	5 - 7%
Motor vehicles	20 - 25%
Leased assets	Shorter of period of lease or useful life of asset

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the income statement.

(o) Impairment of long lived assets

Property, plant and equipment and intangibles are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of the assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2. Significant Accounting Policies (Continued)

(p) Financial liabilities

The Group's financial liabilities comprise primarily amounts due to other banks, customer deposits, repurchase agreements, obligations under securitisation arrangements, other borrowed funds and policyholders' liabilities.

The recognition and measurement of policyholders' liabilities is detailed in Note 2(t); other financial liabilities are measured at amortised cost.

(q) Borrowings

Borrowings, including those arising under securitisation arrangements, are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(r) Structured products

Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at fair value through the income statement (Note 34). The non-derivative elements are stated at amortised cost using the effective interest method.

(s) Leases

As lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged in the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged in the income statement on a straight-line basis over the period of the lease.

As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. Significant Accounting Policies (Continued)

(t) Insurance and investment contracts – classification, recognition and measurement

Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Recognition and measurement

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short duration insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), and group life insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the Road Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect on the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on inforce contracts that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the date of the statement of financial position calculated principally using the twenty-fourths method.

2. Significant Accounting Policies (Continued)

(t) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Short duration insurance contracts (continued)

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising from these revisions are recognised within claims expense in the current year.

Long duration insurance contracts

The accounting treatment of long duration contracts differs according to whether the contract bears investment options or not.

For long duration contracts that do not bear investment options, premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when incurred.

A liability for policyholders' benefits that are expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

For long duration contracts that bear investment options, insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of fees deducted for policy administration, mortality and surrenders and interest credited is treated as an expense.

Long duration insurance contract liabilities are calculated by independent actuaries at each statement of financial position date using the Policy Premium Method. The change in these liabilities are recognised in the income statement.

Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year. Benefits and claims payable represent the gross cost of all claims notified but not settled on the date of the statement of financial position. Any reinsurance recoverable is shown separately as a receivable.

Policyholders' benefits

Maturities and annuities are accounted for when due. Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified. Differences between the estimated claims and subsequent settlements are recognised in the income statement in year of settlement.

2. Significant Accounting Policies (Continued)

(t) Insurance and investment contracts – classification, recognition and measurement (continued)

Liability adequacy test

At the date of the statement of financial position, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the income statement and the amount of the relevant insurance liabilities is increased.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group periodically assesses its reinsurance assets for impairment. If there is objective evidence that a reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

(u) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2. Significant Accounting Policies (Continued)

(v) Post-employment benefits

Pension benefits

The Bank and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined benefit and defined contribution plans.

Defined benefit pension plans

A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Defined contribution pension plans

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the benefits relating to employee service in the current and prior periods. The contributions are charged to the income statement in the period to which they relate.

Other post-employment benefit obligations

The Bank provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

2. Significant Accounting Policies (Continued)

(v) Post-employment benefits (continued)

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

(w) Acceptances, guarantees, indemnities, letters of credit and undertakings

Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

(i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and

(ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where the Bank's obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

Where the Bank's obligations are considered to be contingent, the amounts are disclosed in Note 46.

(x) Share capital

Share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

Where the Employee Share Scheme purchases the Bank's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Bank's stockholders until the shares are cancelled, reissued or disposed of. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Bank's stockholders.

(y) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other third parties. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

Income taxes
There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

Impairment losses on loans and advances
The Group reviews its loan portfolio to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Estimates of future benefit payments and premiums arising from long duration insurance contracts
The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position using the Policy Premium Method. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. The Policy Premium Method of valuation is based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its life insurance policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The ultimate liability arising from claims made under insurance contracts

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Future obligations for post-employment benefits

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Interests in structured entities

During the prior year, the Group launched a Unit Trust Scheme comprising three portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio and the Caribbean Equity Portfolio. During the year, the Group added three new portfolios to provide customers with investment opportunities in United States currency – the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio. The Unit Trust has an independent trustee. The Group is the investment manager of the Unit Trust. Determining whether the Group controls the Unit Trust requires judgement. This would include a consideration of the investors' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Trust.

The Group as investment manager earns income from preliminary charges ranging from 0-4% and management fees ranging from 1.5-1.75% on these Unit Trust portfolios and the Group owns 1.8% of the units in the Unit Trust at September 30, 2015.

In addition, pending the availability of investments consistent with the investment objective of each portfolio, a significant portion of the Unit Trust funds are invested in cash equivalent instruments issued by the Group. These are short-term fixed rate instruments with maturities of 90 days or less, collateralised by Government of Jamaica securities, that face an insignificant risk of changes in fair value. The interest margin earned by the Group on these instruments is immaterial to the results of its operations.

Management has concluded that, although the contractual terms provide the Group with power over the Unit Trust, the Group is acting as an agent for the investors in the Unit Trust as management does not consider the Group's aggregate interest in the Unit Trust to be significant. Management does not believe that the investment of Unit Trust funds in cash equivalent instruments issued by the Group changes this conclusion as (i) this investment is intended to be temporary and not representative of the Unit Trust's purpose or investment objective (ii) the investment is in cash equivalent instruments subject to an insignificant risk of changes in fair value that bear interest at market rates and (iii) the investment does not expose the Group to any additional variability of returns from the Unit Trust beyond its insignificant aggregate interest through fees and unit holdings. The Unit Trust has therefore not been consolidated.

4. Responsibilities of the Appointed Actuaries and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the Insurance Act, appoint the Actuaries. Their responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuations using the Policy Premium Method, the Actuaries make assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The shareholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the Appointed Actuaries and their report on the policyholders' liabilities.

5. 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 services.

(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, asset management & investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.

(f) Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

(h) The Group's insurance brokerage services, trustee services and registrar and transfer agent services 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 expenditure.

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-company and inter-segment transactions.

Notes to the Financial Statements

September 30, 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2015	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management& Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	14,665,200	9,496,483	5,774,109	9,558,547	8,629,700	6,747,868	6,211,680	100,306	-	61,183,893
Revenue from other segments	2,490,566	-	49,985	3,944,406	742,663	116,678	187,082	59,146	(7,590,526)	-
Total revenue	17,155,766	9,496,483	5,824,094	13,502,953	9,372,363	6,864,546	6,398,762	159,452	(7,590,526)	61,183,893
Interest income	13,583,980	3,625,573	5,160,030	11,257,827	7,250,593	2,976,973	730,558	26,297	(7,112,294)	37,499,537
Interest expense	(1,966,938)	(1,410,852)	(3,107,205)	(7,290,983)	(3,936,088)	(904,874)	-	(263)	7,112,294	(11,504,909)
Net interest income	11,617,042	2,214,721	2,052,825	3,966,844	3,314,505	2,072,099	730,558	26,034	-	25,994,628
Net fee and commission income	3,277,190	3,623,318	606,616	292,293	569,936	1,129,933	187,643	18,388	(45,748)	9,659,569
Gain on foreign currency and investment activities	163,522	18,672	39,976	1,785,626	1,469,833	188,220	67,668	54,034	(46,216)	3,741,335
Premium income	-	-	-	-	-	2,495,771	5,367,961	-	(222,111)	7,641,621
Other operating income	10,858	5,353	699	158,153	79,733	73,649	44,932	60,735	(233,409)	200,703
Total operating income	15,068,612	5,862,064	2,700,116	6,202,916	5,434,007	5,959,672	6,398,762	159,191	(547,484)	47,237,856
Staff costs	5,128,981	465,143	154,839	148,561	629,457	711,055	832,581	73,821	(34,468)	8,109,970
Provision for credit losses	861,777	902,937	7,203	-	3,520	-	-	-	-	1,775,437
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	733,280	3,142,039	-	-	3,875,319
Depreciation and amortisation	196,012	208,167	7,611	41,493	32,942	54,837	73,711	1,096	71,642	687,511
Impairment losses on securities	-	-	-	-	38,319	41,446	-	-	-	79,765
Other operating expenses	2,785,072	1,902,475	529,186	849,737	1,062,752	882,138	816,778	33,784	(315,325)	8,546,597
Total operating expenses	8,971,842	3,478,722	698,839	1,039,791	1,766,990	2,422,756	4,865,109	108,701	(278,151)	23,074,599
Operating profit before allocated costs	6,096,770	2,383,342	2,001,277	5,163,125	3,667,017	3,536,916	1,533,653	50,490	(269,333)	24,163,257
Allocated costs	(4,203,436)	(1,025,031)	(558,988)	(270,689)	-	-	-	-	-	(6,058,144)
Operating profit c/fwd	1,893,334	1,358,311	1,442,289	4,892,436	3,667,017	3,536,916	1,533,653	50,490	(269,333)	18,105,113

Notes to the Financial Statements

September 30, 2015
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2015	Consumer and SME: Retail & SME	Consumer and SME: Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management& Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	1,893,334	1,358,311	1,442,289	4,892,436	3,667,017	3,536,916	1,533,653	50,490	(269,333)	18,105,113
Unallocated corporate expenses										(2,103,932)
Loss on dilution of Associate										(50,748)
Share of profit of associates										433,666
Profit before Taxation										16,384,099
Taxation										(4,082,309)
Net Profit										12,301,790
Segment assets	187,552,392	15,934,230	68,618,715	169,490,979	142,934,629	40,550,379	13,275,472	1,002,285	(124,477,454)	514,881,627
Associates										6,307,220
Unallocated assets										2,626,314
Total assets										523,815,161
Segment liabilities	167,379,411	9,179,603	56,457,970	159,502,976	120,704,477	27,828,069	8,455,060	153,526	(116,553,648)	433,107,444
Unallocated liabilities										2,313,505
Total liabilities										435,420,950
Capital expenditure	1,361,916	747,434	100,422	35,192	156,803	163,060	88,894	13,920	-	2,667,641

5. Segment Reporting (Continued)

Year ended September 30, 2015	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Interest income	37,499,537	(9,823)	(3,830)	37,485,884
Interest expense	(11,504,909)	(12,192)	(4,753)	(11,521,854)
Net fee and commission income	9,659,569	91,969	35,855	9,787,393
Gain on foreign currency and investment activities	3,741,335	8,420	3,282	3,753,037
Premium income	7,641,621	-	-	7,641,621
Other operating income and dividend income	200,703	90,751	35,380	326,834
Staff costs	(8,109,970)	(2,757,470)	(1,075,042)	(11,942,482)
Provision for credit losses	(1,775,437)	(17,064)	(6,657)	(1,799,158)
Policyholders' and annuitants' benefits and reserves	(3,875,319)	-	-	(3,875,319)
Depreciation and amortisation	(687,511)	(630,306)	(245,734)	(1,563,551)
Impairment losses on securities	(79,765)	-	-	(79,765)
Other operating expenses	(8,546,597)	(2,822,429)	(842,433)	(12,211,459)
Operating profit	24,163,257	(6,058,144)	(2,103,932)	16,001,181

5. Segment Reporting (Continued)

Year ended September 30, 2014	Consumer and SME				Wealth, Asset Management&	Life Insurance & Pension				
Restated	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Investment Banking	Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	14,368,876	8,525,518	4,746,805	8,494,666	9,026,591	6,089,227	6,128,268	42,883	-	57,422,834
Revenue from other segments	2,452,092	-	49,121	3,063,267	1,026,398	136,468	45,405	97,135	(6,869,886)	-
Total revenue	16,820,968	8,525,518	4,795,926	11,557,933	10,052,989	6,225,695	6,173,673	140,018	(6,869,886)	57,422,834
Interest income	13,295,698	3,271,276	4,299,358	10,192,930	8,242,586	3,002,781	712,291	30,181	(6,148,016)	36,899,085
Interest expense	(1,954,760)	(1,201,088)	(2,794,574)	(6,650,298)	(4,817,974)	(942,619)	-	(157)	6,148,016	(12,213,454)
Net interest income	11,340,938	2,070,188	1,504,784	3,542,632	3,424,612	2,060,162	712,291	30,024	-	24,685,631
Net fee and commission income	3,182,190	3,279,796	434,265	238,324	214,623	1,063,821	157,679	50,974	(83,409)	8,538,263
Gain on foreign currency and investment activities	169,349	15,456	46,020	854,405	1,492,984	114,549	46,920	2,083	(151,396)	2,590,370
Premium income	-	-	-	-	-	1,995,203	5,210,953	-	(208,195)	6,997,961
Other operating income	40,664	7,220	3,490	264,848	101,031	49,341	45,830	56,780	(322,645)	246,559
Total operating income	14,733,141	5,372,660	1,988,559	4,900,209	5,233,250	5,283,076	6,173,673	139,861	(765,645)	43,058,784
Staff costs	5,225,703	396,999	207,585	134,651	567,013	516,288	788,465	86,362	(36,954)	7,886,112
Provision for credit losses	959,678	863,136	396,467	-	(3,457)	-	-	-	-	2,215,824
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,233,069	3,164,613	-	-	4,397,682
Depreciation and amortisation	162,472	124,858	7,522	59,669	18,796	6,347	66,604	1,400	71,642	519,310
Impairment losses on securities	-	-	-	-	200,085	-	-	-	-	200,085
Other operating expenses	2,164,663	1,556,318	452,153	582,143	710,962	446,830	870,147	23,624	(342,372)	6,464,468
Total operating expenses	8,512,516	2,941,311	1,063,727	776,463	1,493,399	2,202,534	4,889,829	111,386	(307,684)	21,683,481
Operating profit before allocated costs	6,220,625	2,431,349	924,832	4,123,746	3,739,851	3,080,542	1,283,844	28,475	(457,961)	21,375,303
Allocated costs	(4,559,800)	(704,251)	(354,610)	(231,510)	-	-	-	-	-	(5,850,171)
Operating profit c/fwd	1,660,825	1,727,098	570,222	3,892,236	3,739,851	3,080,542	1,283,844	28,475	(457,961)	15,525,132

5. Segment Reporting (Continued)

Year ended September 30, 2014	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
Restated	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	1,660,825	1,727,098	570,222	3,892,236	3,739,851	3,080,542	1,283,844	28,475	(457,961)	15,525,132
Unallocated corporate expenses										(1,608,425)
Negative goodwill on acquisition of subsidiary										301,441
Share of profit of associates										902,696
Gain on disposal of investment in associate										349,042
Profit before Taxation										15,469,886
Taxation										(3,142,766)
Net Profit										12,327,120
Segment assets	159,277,187	16,081,788	65,364,477	169,365,676	132,482,665	37,999,615	11,640,907	973,409	(105,008,911)	488,176,813
Associates										5,913,804
Unallocated assets										5,254,475
Total assets										499,345,092
Segment liabilities	148,263,789	10,866,897	57,183,083	148,713,326	112,162,313	26,908,434	7,746,516	164,315	(97,886,479)	414,122,194
Unallocated liabilities										3,376,515
Total liabilities										417,498,709
Capital expenditure	1,626,139	448,531	61,754	53,583	106,386	300,183	153,880	19,902	-	2,770,358

5. Segment Reporting (Continued)

Year ended September 30, 2014	**Total per segment report $'000**	**Allocated expenses $'000**	**Unallocated corporate expenses $'000**	**Total per income statement $'000**
Reconciliation to income statement				
Interest income	36,899,085	429	113	36,899,627
Interest expense	(12,213,454)	(20,181)	(5,325)	(12,238,960)
Net fee and commission income	8,538,263	101,992	26,916	8,667,171
Gain on foreign currency and investment activities	2,590,370	2,275	-	2,592,645
Premium income	6,997,961	-	-	6,997,961
Other operating income and dividend income	246,559	70,136	18,510	335,205
Staff costs	(7,886,112)	(2,880,273)	(757,545)	(11,523,930)
Provision for credit losses	(2,215,824)	(8,797)	(2,328)	(2,226,949)
Policyholders' and annuitants' benefits and reserves	(4,397,682)	-	-	(4,397,682)
Depreciation and amortisation	(519,310)	(576,067)	(152,026)	(1,247,403)
Impairment losses on securities	(200,085)	-	-	(200,085)
Other operating expenses	(6,464,468)	(2,539,685)	(736,740)	(9,740,893)
Operating profit	21,375,303	(5,850,171)	(1,608,425)	13,916,707

6 Net Interest Income

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Interest income				
Loans and advances	20,154,437	18,971,549	19,987,908	18,883,193
Investment securities –				
Available-for-sale and loans and receivables	17,106,837	17,779,300	7,295,764	7,126,811
At fair value through profit or loss	64,783	36,146	-	-
Reverse repurchase agreements	117,038	75,281	65,372	80,373
Deposits and other	42,789	37,351	40,999	37,478
	37,485,884	36,899,627	27,390,043	26,127,855
Interest expense				
Customer deposits	2,677,047	3,107,302	2,726,260	2,829,733
Repurchase agreements	5,147,609	6,189,989	2,323,944	2,728,182
Policyholders' benefits	901,534	935,560	-	-
Securitisation arrangements	1,817,550	1,013,564	1,817,550	1,013,564
Other borrowed funds and amounts due from other banks	976,874	992,545	714,226	1,141,150
Other interest expenses	1,240	-	1,233	-
	11,521,854	12,238,960	7,583,213	7,712,629
Net interest income	25,964,030	24,660,667	19,806,830	18,415,226

7. Net Fee and Commission Income

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fee and commission income				
Retail and SME	3,332,588	3,294,180	3,301,638	3,217,100
Payment services	5,829,913	5,163,073	5,829,913	5,169,573
Corporate banking	615,124	445,134	615,124	445,134
Treasury and correspondent banking	257,138	202,455	296,885	244,632
Wealth, asset management & investment banking	569,936	212,591	-	-
Life Insurance and pension fund management	1,129,933	1,063,821	-	-
General insurance	187,643	157,679	-	-
Other	54,242	58,463	35,854	39,194
	11,976,517	10,597,396	10,079,414	9,115,633
Fee and commission expense				
Payment services	2,189,124	1,930,225	2,189,124	1,930,225
	9,787,393	8,667,171	7,890,290	7,185,408

8. Gain/(Loss) on Foreign Currency and Investment Activities

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Net foreign exchange gains	1,576,274	1,133,957	1,147,304	597,553
Debt securities held for trading	(3,811)	5,806	-	-
Gains on other debt securities	2,230,945	1,158,578	846,695	292,894
(Loss)/gain on embedded put option	(33,061)	79,746	(33,061)	79,746
Equity securities	(8,310)	192,558	4,023	43,722
Investment property (Note 26)	(9,000)	22,000	-	-
	3,753,037	2,592,645	1,964,961	1,013,915

Net foreign exchange gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

9. Premium Income

	The Group	
	2015	2014
	$'000	$'000
Annuity contracts	1,377,422	1,171,863
Life insurance contracts	1,084,121	823,340
General insurance contracts	5,180,078	5,002,758
	7,641,621	6,997,961

10. Dividend Income

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Subsidiaries	-	-	2,333,310	1,615,110
Associates	-	-	137,227	205,495
Other equity securities	126,095	160,586	22,760	57,338
	126,095	160,586	2,493,297	1,877,943

11. Staff Costs

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Wages, salaries, allowances and benefits	10,099,723	9,747,391	8,299,896	8,071,893
Payroll taxes	972,486	901,083	801,734	749,410
Pension costs – defined contribution plans	316,261	319,086	274,816	256,437
Pension costs – defined benefit plans (Note 37)	38,719	(9,798)	-	(46,874)
Termination benefits	120,837	365,778	78,061	300,597
Other post-employment benefits (Note 37)	394,456	200,390	247,135	200,390
	11,942,482	11,523,930	9,701,642	9,531,853

Wages, salaries, allowances and benefits
Included in wages, salaries, allowances and benefits are base salary for executives, senior managers, managers, clerical and non-clerical employees. Amounts are also included for annual incentive and merit awards based on performance, annual and non-annual lump-sum fringe benefits, fringe benefits for executives and senior managers as well as those that have been agreed based on collective bargaining with the trade unions representing managers, clerical and non-clerical staff.

Employees are categorised as permanent pensionable, contract, part-time and temporary.

Pension costs – defined contribution plan
The Group contributes a fixed 5% of base salary for pensionable staff into a defined contribution plan and there is no legal or constructive obligation to make further contributions.

12. Policyholders' and Annuitants' Benefits and Reserves

	The Group	
	2015	2014
	$'000	$'000
Annuity contracts	1,976,695	725,718
Life insurance contracts	(1,243,415)	507,351
General insurance contracts	3,142,039	3,164,613
	3,875,319	4,397,682

The above amounts include insurance claims by policyholders amounting to $159,551,000 (2014 –$859,290,000) in respect of life insurance and annuity contracts and $2,620,472,000 (2014 – $2,311,717,000) in respect of general insurance contracts.

13. Impairment Losses on Securities

This represents impairment losses recognised by certain subsidiaries of the Bank on investment securities classified as available-for-sale and loans and receivables.

14. Other Operating Expenses

	The Group		The Bank	
		Restated		Restated
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Auditors' remuneration - Current	72,795	59,746	25,774	24,600
- Prior year	-	9,000	-	-
Credit card rebates	610,906	582,188	610,906	582,188
Insurance premiums and commissions	495,697	516,876	384,538	359,421
Irrecoverable general consumption tax and asset tax	2,551,744	1,440,996	1,849,898	1,205,265
License and transaction processing fees	983,882	787,527	828,000	674,561
Marketing, customer care, advertising and donations	1,427,177	938,464	1,093,167	727,375
Operating lease rentals	191,823	178,118	130,961	134,801
Premium tax on life insurance contracts	25,759	84,032	-	-
Property, vehicle and ABM maintenance and utilities	2,379,249	2,246,448	2,155,021	2,012,824
Receivership expenses	110,148	178,437	110,148	178,437
Stationery	214,081	160,007	165,077	125,982
Technical, consultancy and professional fees	1,419,352	973,265	1,039,703	758,534
Travelling, courier and telecommunication	894,225	859,868	780,538	762,905
Other	834,621	725,921	535,265	459,395
	12,211,459	9,740,893	9,708,996	8,006,288

15. Taxation

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current:				
Income tax	4,547,118	2,782,167	2,400,356	1,370,510
Investment income tax at 15%	43,105	310,256	-	-
Prior year under/(over) provision	123,729	(42,600)	149,097	(16,655)
Deferred income tax (Note 29)	(631,643)	92,943	(676,918)	7,472
	4,082,309	3,142,766	1,872,535	1,361,327

On September 29, 2015, the Provisional Collection of Tax (Income Tax) Order, 2015 was issued amending the income tax regime for life insurance companies effective for the year of assessment 2015. With effect from January 1, 2015, the Group's life insurance subsidiary is subject to income tax on its taxable profits at a rate of 25%. Prior to the amendment, the subsidiary was subject to tax on its investment income net of applicable expenses at a rate of 15% and was also subject to a premium tax of 3% on its premium income. Accordingly, for the year ended September 30, 2015:

- income tax at 25% on the taxable profits of the life insurance subsidiary for the nine-month period from January 1, 2015 to September 30, 2015 as well as investment income tax for the three-month period from October 1, 2014 to December 31, 2014 are included in the Group's taxation charge, and
- premium tax at 3% for the three-month period from October 1, 2014 to December 31, 2014 is included in other operating expenses in Note 14.

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 15% and 25% for the life insurance subsidiary, 33⅓% for the Bank and other “regulated companies”, 21% for the subsidiary incorporated in the United Kingdom and 25% for all other subsidiaries (with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax), as follows:

	The Group		The Bank	
		Restated		Restated
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Profit before tax	16,384,099	15,469,886	9,761,017	9,579,665
Tax calculated at actual tax rates	4,942,825	4,447,211	3,253,673	3,193,221
Income not subject to tax or in respect of which tax has been remitted	(1,392,149)	(1,243,765)	(913,090)	(1,439,521)
Expenses not deductible for tax purposes	541,075	196,655	260,807	122,656
Effect of share of profit of associates included net of tax	(103,393)	(224,189)	-	-
Effect of change in tax rate applicable to life insurance subsidiary	48,069	-	-	-
Effect of different tax rates applicable to dividend income	(52,022)	(91,650)	(827,682)	(616,666)
Deferred tax not provided in prior year	129,191	85,733	135,104	85,733
Other	(31,287)	(27,229)	(36,277)	15,904
Taxation expense	4,082,309	3,142,766	1,872,535	1,361,327

16. Earnings per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no potential dilutive ordinary stock units.

		Restated
	2015	**2014**
Net profit attributable to stockholders ($'000)	12,301,790	12,327,120
Weighted average number of ordinary stock units in issue ('000)	2,461,469	2,461,469
Basic and diluted earnings per stock unit ($)	5.00	5.01

17. Cash in Hand and Balances at Central Banks

	The Group		**The Bank**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash in hand	3,570,891	3,470,645	3,564,901	3,460,677
Balances with Central Banks other than statutory reserves	2,056,351	3,490,715	2,017,172	3,488,170
Included in cash and cash equivalents	5,627,242	6,961,360	5,582,073	6,948,847
Statutory reserves with Central Banks – interest-bearing	8,501,646	9,224,527	8,501,646	9,224,527
Statutory reserves with Central Banks – non-interest-bearing	14,745,572	13,608,690	14,619,919	13,510,236
	28,874,460	29,794,577	28,703,638	29,683,610
Interest receivable	630	538	630	538
	28,875,090	29,795,115	28,704,268	29,684,148

Statutory reserves with Central Banks represent the required ratio of prescribed functional and foreign currency liabilities. They are not available for investment, lending or other use by the Group.

18. Due from Other Banks

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Items in course of collection from other banks	812,817	1,519,421	812,659	1,517,950
Placements with other banks	24,867,558	20,254,818	22,059,797	18,915,811
	25,680,375	21,774,239	22,872,456	20,433,761
Interest receivable	18,200	18,325	86	127
	25,698,575	21,792,564	22,872,542	20,433,888
Less: Placements pledged as collateral for letters of credit (Note 24)	(1,634,342)	(1,399,009)	(1,634,342)	(1,399,009)
	24,064,233	20,393,555	21,238,200	19,034,879

Placements with other banks include short term fixed deposits and other balances held with correspondent banks. These bank balances are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Due from other banks	24,064,233	20,393,555	21,238,200	19,034,879
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(641,035)	(246,232)	(641,035)	(246,232)
	23,423,198	20,147,323	20,597,165	18,788,647

19. Derivative Financial Instruments

The carrying values of derivatives for the Group and the Bank are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
Assets	$'000	$'000	$'000	$'000
Embedded put option	433,989	467,050	433,989	467,050
Foreign currency forward contracts	-	61,958	-	61,958
Equity indexed options	52,794	52,660	-	-
	486,783	581,668	433,989	529,008
Liabilities				
Equity indexed options	52,794	52,660	-	-
	52,794	52,660	-	-

19. Derivative Financial Instruments (Continued)

Derivatives are carried at fair value in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default.

Embedded put option
The Bank holds certain Government of Jamaica debt securities which were issued in February 2013 and mature in February 2024. The terms of these securities contain an investor put option exercisable in February 2018 under which the holder may require the Government of Jamaica to redeem the securities at 100% of the principal value plus any accrued interest. This embedded put option has been separated and recognised as a financial asset in the statement of financial position. Gains and losses arising from changes in the fair value of the option are reflected in "Gain/(loss) on foreign currency and investment activities" (Note 8).

Foreign currency forward contracts
Currency forwards as at September 30, 2015 was nil (2014 – US$20,000,000). The fair values of outstanding foreign currency forward contracts at September 30, 2014 net to an asset of $61,958,000 (US$551,000). The currency forward contracts are settled on a gross basis. The contracts expire within 30-60 days.

Equity indexed options
The derivative liability represents the equity index option element of principal protected notes issued by the Group (Note 33(h)) and is carried at fair value.

The derivative asset represents equity index options purchased by the Group to match the liability. The terms of the purchased options are identical to those included in the principal protected notes issued by the Group. The Group is exposed to credit risk on purchased options to the extent of the carrying amount, which is their fair value.

20. Investment Securities at Fair Value through Profit or Loss

	The Group	
	2015	2014
	$'000	$'000
Government of Jamaica debt securities	467,741	231,305
Government of Jamaica guaranteed corporate bonds	14,606	19,228
	482,347	250,533
Other corporate bonds	146,546	47,112
Foreign government	81,039	78,076
Quoted equity securities	221,503	142,020
	931,435	517,741
Interest receivable	11,749	5,652
	943,184	523,393

21. Reverse Repurchase Agreements

The Group and the Bank enter into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $5,566,000 (2014 – $14,275,000) and $39,000 (2014 – $15,293,000) for the Group and the Bank, respectively.

At September 30, 2015, the Group and the Bank held $3,188,236,000 (2014 – $1,727,393,000) and $2,806,608,000 (2014 – $1,896,909,000), respectively, of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

Included in reverse repurchase agreements for the Group and the Bank are securities with an original maturity of less than 90 days amounting to $1,698,845,000 (2014 – $1,008,500,000) and $2,601,504,000 (2014 – $40,000,000), respectively, which are regarded as cash equivalents for purposes of the statement of cash flows.

22. Loans and Advances

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Gross loans and advances	169,232,275	161,863,399	166,493,541	160,558,365
Provision for credit losses	(4,435,188)	(4,906,855)	(4,419,629)	(4,895,472)
	164,797,087	156,956,544	162,073,912	155,662,893
Interest receivable	607,519	673,456	601,272	672,975
	165,404,606	157,630,000	162,675,184	156,335,868

The current portion of loans and advances amounted to $35,802,564,000 (2014 – $35,954,870,000) for the Group and $35,210,433,000 (2014 – $35,420,869,000) for the Bank.

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	4,906,855	3,226,544	4,895,472	3,221,092
On acquisition of subsidiary	-	8,898	-	-
Provided during the year	2,448,421	2,609,186	2,444,901	2,609,186
Recoveries	(649,263)	(382,237)	(649,263)	(378,780)
Net charge to the income statement	1,799,158	2,226,949	1,795,638	2,230,406
Write-offs	(2,270,825)	(555,536)	(2,271,481)	(556,026)
Balance at end of year	4,435,188	4,906,855	4,419,629	4,895,472

The aggregate amount of non-performing loans on which interest was not being accrued amounted to $8,542,205,000 as at September 30, 2015 (30 September 2014 –$8,690,740,000).

22. Loans and Advances (Continued)

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

	The Group and The Bank	
	2015	2014
	$'000	$'000
Specific provision	8,560,445	8,751,841
General provision	1,580,865	1,530,915
	10,141,310	10,282,756
Excess of regulatory provision over IFRS provision recognised in the Bank reflected in non-distributable loan loss reserve (Note 41)	5,706,122	5,375,901

23. Investment Securities classified as Available-for-sale and Loans and Receivables

	The Group	
	2015	2014
	$'000	$'000
Available-for-sale securities – at fair value		
Debt securities –		
Government of Jamaica and Bank of Jamaica	203,585,941	196,510,071
Government of Jamaica guaranteed corporate bonds	2,770,895	7,023,356
	206,356,836	203,533,427
Other corporate bonds	8,602,279	7,851,319
Foreign governments	2,331,787	4,372,082
Equity securities –		
Quoted	203,156	703,158
Unquoted	61,188	53,077
Unit Trust investments	285,619	174,342
	217,840,865	216,687,405
Loans and receivables – at amortised cost		
Debt securities –		
Government of Jamaica and Bank of Jamaica	40,147,372	28,331,452
Government of Jamaica guaranteed corporate bonds	3,841,316	7,779,691
	43,988,688	36,111,143
Other corporate bonds	9,552,733	6,988,848
	53,541,421	43,099,991
Interest receivable	3,662,230	3,859,968
Total investment securities	275,044,516	263,647,364

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

	The Group	
	2015	2014
	$'000	$'000
Total investment securities, as above	275,044,516	263,647,364
Less: Pledged securities (Note 24)	(109,025,242)	(158,089,603)
Amount reported on the statement of financial position	166,019,274	105,557,761

	The Bank	
	2015	2014
	$'000	$'000
Available-for-sale securities – at fair value		
Debt securities –		
Government of Jamaica and Bank of Jamaica	89,271,681	95,747,802
Government of Jamaica guaranteed corporate bonds	1,347,444	338,384
	90,619,125	96,086,186
Other corporate bonds	3,144,567	2,710,034
Foreign governments	-	1,551,089
Equity securities –		
Quoted	85,436	370,399
Unquoted	18,255	18,255
	93,867,383	100,735,963
Loans and receivables – at amortised cost		
Debt securities –		
Government of Jamaica and Bank of Jamaica	24,666,170	11,588,484
Government of Jamaica guaranteed corporate bonds	-	1,520,828
	24,666,170	13,109,312
Other corporate bonds	1,535,341	1,073,520
	26,201,511	14,182,832
Interest receivable	1,538,515	1,547,033
Total investment securities	121,607,409	116,465,828

23. Investment Securities Classified as Available-for-sale and Loans and Receivables (Continued)

	The Bank	
	2015	**2014**
	$'000	**$'000**
Total investment securities, as above	121,607,409	116,465,828
Less: Pledged securities (Note 24)	(33,756,427)	(77,714,233)
Amount reported on the statement of financial position	87,850,982	38,751,595

The current portion of total investment securities amounted to $14,370,997,000 (2014 - $46,055,269,000) for the Group and $13,306,544,000 (2014 - $14,606,433,000) for the Bank.

Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $1,024,402,000 (2014 - $2,765,182,000) for the Group and $1,012,702,000 (2014 - $2,749,182,000) for the Bank which are regarded as cash equivalents for purposes of the statement of cash flows.

Disclosure in respect of securities reclassified on October 1, 2008 from the available-for-sale category to the loans and receivables category

On October 1, 2008, the Group reclassified Government of Jamaica global bonds and guaranteed corporate bonds from the available-for-sale category to the loans and receivables category due to the market for these securities becoming inactive in October 2008.

The market was determined to be active again on December 1, 2010. The Group had opted to retain the classification of these securities as loans and receivables.

The fair value of these securities at the date of reclassification became their new amortised cost. The accumulated fair value losses included in fair value reserve as at that date were being amortised to profit or loss over the remaining life of the securities.

Effective October 1, 2014, the Group decided to reclassify these securities to available-for-sale.

The fair value reserve (Note 40) at September 30, 2014 included fair value losses in relation to the reclassified securities not yet derecognised as at the date of the statement of financial position amounting to $815,488,000 for the Group and $495,180,000 for the Bank.

23. Investment Securities Classified as Available-for-sale and Loans and Receivables (Continued)

The carrying value (excluding accrued interest) and fair value of these securities as at September 30, 2014 were as follows:

	The Group		The Bank	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
At September 30, 2014	21,133,542	21,597,710	9,718,166	10,080,148

The amounts recognised in the income statement for the year ended September 30, 2014 in respect of these securities were as follows:

	The Group	The Bank
	2014	2014
	$'000	$'000
Interest income	2,054,654	867,874
Foreign exchange gains	1,856,212	702,244

Fair value gains of $464,168,000 for the Group and $361,982,000 for the Bank would have been recognised in other comprehensive income during the year ended September 30, 2014 had these securities been reclassified to available-for-sale effective October 1, 2013.

24. Pledged Assets

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Investment securities pledged as collateral for:				
Repurchase agreements	108,467,272	157,530,615	33,334,714	77,260,644
Clearing services	421,713	453,589	421,713	453,589
Investment securities held as security in respect of life insurance subsidiary	136,257	105,399	-	-
	109,025,242	158,089,603	33,756,427	77,714,233
Placements with other banks pledged as collateral for letters of credit	1,634,342	1,399,009	1,634,342	1,399,009
	110,659,584	159,488,612	35,390,769	79,113,242

The Financial Services Commission holds investment securities for the life insurance subsidiary in accordance with Section 8(1)(B) of the Insurance Regulations 2001.

25. Investment in Associates

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At the beginning of the year	5,913,804	8,512,251	2,208,203	2,679,737
Disposals	-	(2,893,280)	-	(471,534)
Transfer (to)/from available-for-sale investments	(112,565)	90,000	-	-
Share of profits	433,666	902,696	-	-
Loss on dilution	(50,748)	-	-	-
Dividends received:				
Jamaica Money Market Brokers	(137,227)	(141,506)	-	-
Kingston Wharves	-	(83,956)	-	-
Other	(5,704)	(4,666)	-	-
Movement in other reserves	265,994	(467,735)	-	-
At end of year	6,307,220	5,913,804	2,208,203	2,208,203

In July 2015, Kingston Properties Limited increased its ordinary share capital by way of a rights issue which resulted in a dilution of the Group's interest from 25.17% to 10.76%. The Group's holdings have therefore been reclassified from investment in associates to investment securities. In September 2014, the Group disposed of its entire interest in Kingston Wharves Limited.

The Group has used the financial statements of its associates as at June 30 for the purposes of equity accounting to facilitate the availability of financial information in accordance with the Group's reporting timetable. Adjustments are made for significant transactions or events, where identified, that occur between that date and September 30.

The carrying values of investment in associates and the values indicated by prices quoted on the Jamaica Stock Exchange ("JSE Indicative Value") as at September 30 are as follows:

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Jamaica Money Market Brokers Limited	6,237,303	3,271,586	5,632,564	3,257,975
Kingston Properties Limited	-	-	211,331	66,674
	6,237,303	3,271,586	5,843,895	3,324,649

	The Bank			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Jamaica Money Market Brokers Limited	2,208,203	3,271,586	2,208,203	3,257,975
	2,208,203	3,271,586	2,208,203	3,257,975

25. Investment in Associates (Continued)

Management has conducted an impairment assessment in respect of these investments involving a review of the performance of the entities as well as the values of the underlying assets and determined that no impairment in the carrying values has occurred.

	Jamaica Money Market Brokers Limited	Other individually immaterial associates	Total
	$'000	$'000	$'000
2015			
Current assets	34,373,078	32,997	34,406,075
Non-current assets	188,172,693	200,881	188,373,574
Current liabilities	151,247,464	13,082	151,260,546
Non-current liabilities	48,941,729	70,301	49,012,030
Revenue	18,993,242	132,655	19,125,897
Profit or loss from continuing operations	2,071,342	498	2,071,840
Other comprehensive income	1,437,691	-	1,437,691
Total comprehensive income	3,509,033	498	3,509,531
Percentage ownership	26.30%		
Net assets of the associate - 100%	22,356,578		
Non-controlling interests	(816,818)		
Adjusted net assets	21,539,760		
Group share of adjusted net assets	5,664,957		
Fair values of intangible assets recognised on acquisition	862,477		
Accumulated amortisation	(290,131)		
Carrying amount	6,237,303		

25. Investment in Associates (Continued)

	Kingston Wharves Limited	Jamaica Money Market Brokers Limited	Other individually immaterial associates	Total
	$'000	$'000	$'000	$'000
2014				
Current assets	3,416,673	34,243,045	298,069	37,957,787
Non-current assets	13,463,961	181,123,542	1,230,162	195,817,665
Current liabilities	975,646	151,715,912	274,128	152,965,686
Non-current liabilities	2,800,826	44,281,354	264,530	47,346,710
Revenue	4,405,600	16,416,932	233,160	21,055,692
Profit or loss from continuing operations	873,471	2,808,716	944	3,683,131
Other comprehensive income	-	(2,456,083)	62,808	(2,393,275)
Total comprehensive income	873,471	(352,633)	122,435	643,273

	Jamaica Money Market Brokers Limited
Percentage ownership	26.30%
Net assets of the associate - 100%	19,369,321
Non-controlling interests	(393,707)
Adjusted net assets	18,975,614
Group share of adjusted net assets	4,990,586
Fair values of intangible assets recognised on acquisition	862,477
Accumulated amortisation	(220,499)
Carrying amount	5,632,564

26. Investment Property

	The Group	
	2015	2014
	$'000	$'000
Balance at beginning of year	484,500	462,500
Fair value (losses)/gains (Note 8)	(9,000)	22,000
Balance at end of year	475,500	484,500
Income earned from the properties	11,325	11,000
Expenses incurred by the properties	(28,994)	(25,107)

The Group did not classify any properties held under operating leases as investment properties. The properties held are stated at fair market value, as appraised by professional, independent valuators.

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, *Fair Value Measurement*.

27. Intangible Assets

	The Group			
	Trade name $'000	Customer relationships $'000	Computer Software $'000	Total $'000
		2015		
Net book value, at beginning of year	218,429	259,304	1,986,116	2,463,849
Additions	-	-	913,006	913,006
Reclassifications and adjustments	-	-	(264)	(264)
Amortisation charge	(11,949)	(59,694)	(492,385)	(564,028)
Net book value, at end of year	206,480	199,610	2,406,473	2,812,563
Cost	238,974	358,163	6,196,589	6,793,726
Accumulated amortisation	(32,494)	(158,553)	(3,790,116)	(3,981,163)
Closing net book value	206,480	199,610	2,406,473	2,812,563
		2014		
Net book value, at beginning of year	230,378	327,729	1,279,867	1,837,974
On acquisition of subsidiary	-	-	2,092	2,092
Additions	-	-	1,032,921	1,032,921
Reclassifications and adjustments	-	(8,731)	6,845	(1,886)
Amortisation charge	(11,949)	(59,694)	(335,609)	(407,252)
Net book value, at end of year	218,429	259,304	1,986,116	2,463,849
Cost	238,974	358,163	5,283,847	5,880,984
Accumulated amortisation	(20,545)	(98,859)	(3,297,731)	(3,417,135)
Closing net book value	218,429	259,304	1,986,116	2,463,849

27. Intangible Assets (Continued)

	The Bank	
	Computer Software	
	2015	2014
	$'000	$'000
Net book value, at beginning of year	1,707,191	1,207,893
Additions	830,654	818,046
Reclassifications and adjustments	-	6,919
Amortisation charge	(431,009)	(325,667)
Net book value, at end of year	2,106,836	1,707,191

	2015	2014
	$'000	$'000
Cost	5,404,922	4,574,268
Accumulated amortisation	(3,298,086)	(2,867,077)
Net book value	2,106,836	1,707,191

Computer software for the Group and the Bank at year end include items with a cost of $392,123,000 (2014 - $780,227,000) and $392,123,000 (2014 – $551,393,000), respectively, on which no amortisation has yet been charged as these items are in the process of implementation.

28. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvements	Motor Vehicles Furniture & Equipment	Assets Capitalised Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At October 1, 2013	4,768,573	571,799	6,768,710	617,433	410,091	13,136,606
Additions	129,577	43,771	933,166	180,429	450,494	1,737,437
On acquisition of subsidiary	-	6,646	11,969	-	-	18,615
Disposals	(4,285)	-	(11,770)	(127,947)	-	(144,002)
Transfers	9,933	2,479	276,623	-	(289,035)	-
Reclassifications and adjustments	-	2,591	(2,589)	-	(6,919)	(6,917)
At September 30, 2014	4,903,798	627,286	7,976,109	669,915	564,631	14,741,739
Additions	78,528	17,034	718,748	135,558	804,707	1,754,575
Disposals	(25,535)	(165)	(34,783)	(119,842)	-	(180,325)
Transfers	442,877	14,997	288,846	-	(746,720)	-
Reclassifications and adjustments	-	-	2,606	-	(1,870)	736
At September 30, 2015	5,399,668	659,152	8,951,526	685,631	620,748	16,316,725
Accumulated Depreciation -						
At October 1, 2013	639,812	506,737	5,224,611	326,739	-	6,697,899
Charge for the year	88,859	35,506	576,314	139,472	-	840,151
Disposals	(1,495)	-	(7,882)	(100,803)	-	(110,180)
Reclassifications and adjustments	-	44	(44)	-	-	-
At September 30, 2014	727,176	542,287	5,792,999	365,408	-	7,427,870
Charge for the year	86,973	23,040	722,441	167,069	-	999,523
Disposals	(274)	(166)	(32,501)	(108,606)	-	(141,547)
At September 30, 2015	813,875	565,161	6,482,939	423,871	-	8,285,846
Net Book Value -						
September 30, 2015	4,585,793	93,991	2,468,585	261,760	620,748	8,030,877
September 30, 2014	4,176,622	84,999	2,183,110	304,507	564,631	7,313,869

28. Property, Plant and Equipment (Continued)

	The Bank					
	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles Furniture & Equipment $'000	Assets Capitalised Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -						
At October 1, 2013	4,285,673	490,412	6,310,387	614,900	378,325	12,079,697
Additions	49,839	6,518	818,755	180,429	475,845	1,531,386
Disposals	(4,285)	-	(4,989)	(127,947)	-	(137,221)
Transfers	9,933	2,479	276,623	-	(289,035)	-
Reclassifications and adjustments	-	2,591	(2,591)	-	(6,919)	(6,919)
At September 30, 2014	4,341,160	502,000	7,398,185	667,382	558,216	13,466,943
Additions	31,300	5,254	669,847	135,558	800,603	1,642,562
Disposals	(25,535)	(165)	(29,210)	(119,842)	-	(174,751)
Transfers	442,877	9,263	288,846	-	(740,985)	
At September 30, 2015	4,789,802	516,352	8,327,668	683,098	617,834	14,934,754
Accumulated Depreciation -						
At October 1, 2013	636,348	447,903	5,105,450	325,605	-	6,515,306
Charge for the year	63,876	22,842	530,827	139,134	-	756,679
Disposals	(1,495)	-	(4,970)	(113,699)	-	(120,164)
Reclassifications and adjustments	-	44	(44)	-	-	-
At September 30, 2014	698,729	470,789	5,631,263	351,040	-	7,151,821
Charge for the year	69,822	9,002	652,893	166,333	-	898,050
Disposals	(274)	(166)	(28,950)	(108,606)	-	(137,996)
At September 30, 2015	768,277	479,625	6,255,206	408,767	-	7,911,875
Net Book Value -						
September 30, 2015	4,021,525	36,727	2,072,462	274,331	617,834	7,022,879
September 30, 2014	3,642,431	31,211	1,766,922	316,342	558,216	6,315,122

The carrying value of assets capitalised under finance leases and computer equipment pledged as collateral amounted to $319,257,000 (2014 – $320,679,000).

29. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 25% (2014: 15%) for the life insurance subsidiary, 33⅓% for the Bank and other "regulated companies", 21% for the subsidiary incorporated in the United Kingdom and 25% for all other subsidiaries; with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax.

The net assets recognised in the statement of financial position are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	(70,242)	(23,390)	-	-
Deferred tax liabilities	1,793,557	2,455,791	1,570,735	2,274,191
Net liability at end of year	1,723,315	2,432,401	1,570,735	2,274,191

The movement in the net deferred income tax balance is as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Net liability at beginning of year	2,432,401	2,381,411	2,274,191	2,176,182
Deferred tax charged in the income statement (Note 15)	(631,643)	92,943	(676,918)	7,472
Deferred tax charged/(credited) to other comprehensive income	(77,443)	(41,953)	(26,538)	90,537
Net liability at end of year	1,723,315	2,432,401	1,570,735	2,274,191

The amounts shown in the statement of financial position included the following:

	The Group		The Bank	
		Restated		**Restated**
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	(1,307,072)	(1,022,700)	(1,014,831)	(827,789)
Deferred tax liabilities to be settled after more than 12 months	3,396,499	3,181,511	2,683,136	3,159,892

29. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities, prior to offsetting of balances, are due to the following items:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	16,716	2,528	-	-
Investment securities at fair value through profit or loss	-	10,789	-	-
Investment securities classified as available-for-sale and loans and receivables	310,060	291,735	105,908	128,145
Pensions and other post-retirement benefits	980,296	728,437	908,923	699,644
Interest payable	195,885	279,566	-	-
Other temporary differences	251,965	128,512	108,590	85,882
	1,754,922	1,441,567	1,123,421	913,671
Deferred income tax liabilities:				
Property, plant and equipment	138,289	142,968	58,142	142,944
Investment securities at fair value through profit or loss	6,747	-	-	-
Investment securities classified as available-for-sale and loans and receivables	99,608	3,359	-	-
Interest receivable	506,285	579,622	-	-
Unrealised foreign exchange gains	1,275,738	1,756,503	1,255,162	1,738,267
Loan loss provisions	1,369,832	1,278,681	1,369,832	1,278,681
Fair value gains on derivatives	11,020	27,970	11,020	27,970
Other temporary differences	70,718	84,865	-	-
	3,478,237	3,873,968	2,694,156	3,187,862
Net deferred tax liability	1,723,315	2,432,401	1,570,735	2,274,191

29. Deferred Income Taxes (Continued)

The amounts recognised in the income statement are due to the following items:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Property, plant and equipment	(18,867)	51,672	(84,802)	45,996
Investment securities	32,810	259,541	-	-
Loan loss provisions	91,151	19,876	91,151	19,876
Pensions and other post-retirement benefits	(122,555)	(37,288)	(69,353)	(38,687)
Interest receivable	(73,337)	(31,862)	-	-
Interest payable	83,681	(68,026)	-	-
Fair value (losses)/gains on derivatives	(16,950)	27,970	(16,950)	27,970
Unrealised foreign exchange gains and losses	(408,765)	(209,376)	(483,105)	(224,218)
Other temporary differences	(198,811)	80,436	(113,859)	176,535
	(631,643)	92,943	(676,918)	7,472

The amounts recognised in other comprehensive income are due to the following items:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Unrealised gains on available-for-sale investments	305,276	356,140	138,164	264,606
Realised fair value gains on sale and maturity of investments	(253,415)	(311,918)	(24,776)	(80,685)
Remeasurement of the post-employment benefit obligation	(129,304)	(86,175)	(139,926)	(93,384)
	(77,443)	(41,953)	(26,538)	90,537

30. Other Assets

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	2,614,027	2,632,350	1,861,232	2,266,504
Prepayments	1,213,405	1,291,681	1,086,621	1,167,160
Re-insurance recoverable	217,201	233,573	-	-
Other	795,732	941,931	672,259	806,687
	4,840,365	5,099,535	3,620,112	4,240,351

The fair values of other assets approximate carrying values. All receivable balances are due within the next 12 months.

31. Due to Other Banks

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Items in course of payment	2,645,535	2,573,397	2,641,627	2,550,996
Borrowings from other banks	3,433,429	3,713,379	3,433,429	3,713,379
Deposits from other banks	37,352	22,105	8,722,730	6,271,958
	6,116,316	6,308,881	14,797,786	12,536,333
Interest payable	30,050	27,693	102,756	93,957
	6,146,366	6,336,574	14,900,542	12,630,290

Items in the course of payment primarily represent cheques drawn by the Bank which have been accounted for as a deduction from its bank balances but which have not been presented on its bank accounts. These relate to accounts held at Central Banks and with banks outside of Jamaica.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Total due to other banks	6,146,366	6,336,574	14,900,542	12,630,290
Less: amounts with original maturities of greater than 90 days	(3,252,399)	(3,700,768)	(6,324,178)	(11,036,195)
	2,893,967	2,635,806	8,576,364	1,594,095

32. Obligations under Securitisation Arrangements

	The Group and The Bank	
	2015	2014
	$'000	$'000
Diversified payment rights		
Principal outstanding – US$125,000,000 (2014 – US$125,000,000)	14,837,588	14,065,825
Merchant voucher receivables		
Principal outstanding – US$250,000,000 (2014 – Nil)	29,675,175	-
	44,512,763	14,065,825
Unamortised transaction fees	(666,151)	(221,265)
	43,846,612	13,844,560
Interest payable	445,452	41,017
Net liability	44,292,064	13,885,577

The current portion of obligations under securitisation arrangements amounted to $989,172,000 (2014 – $995,355,000).

Diversified Payment Rights

The Bank has entered into a number of structured financing transactions involving securitisation of its Diversified Payment Rights. A Diversified Payment Right ("DPR") is a right of the Bank to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. Under these securitisation transactions, the Bank assigns its rights to all present and future DPRs to an offshore special purpose vehicle, Jamaica Diversified Payment Rights Company Limited (Note 34), which then issues notes which are secured by DPR flows. The cash flows generated by the DPRs are used by Jamaica Diversified Payment Rights Company Limited to make scheduled principal and interest payments to the note holders and any excess cash is transferred to the Bank, provided no early amortisation event or default has occurred under the terms of the notes.

On May 30, 2013, the Bank raised US$100 million through the Diversified Payments Rights Securitisation (Series 2013-1 Notes). The transaction was structured with an interest-only period of eighteen months and thereafter quarterly principal amortisation on a straight line basis, beginning September 15, 2014 to final maturity on March 15, 2018. Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 675 basis points beginning September 15, 2014.

On February 21, 2014, the Bank increased the existing Series 2013-1 Notes by US$25 million on the same terms as the existing Notes.

On April 25, 2014, the holders of the Series 2013-1 Notes exercised their option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2015 and final maturity to March 15, 2019.

On April 27, 2015, the holders of the Series 2013-1 Notes exercised their option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2016 and final maturity to March 16, 2020.

32. Obligations under Securitisation Arrangements (Continued)

Merchant Voucher Receivables

The Bank has entered into a structured financing transaction involving securitisation of its Merchant Voucher Receivables. This arrangement involves the sale of future flows due from Visa International Service Association (Visa) and MasterCard International Incorporated (MasterCard) related to international merchant vouchers acquired by the Bank in Jamaica.

A merchant voucher is created when an international Visa or MasterCard cardholder pays for goods or services at a NCB merchant. NCB approves the charge, pays the merchant under contractual terms, and submits the merchant voucher information to Visa or MasterCard for settlement. Upon approval and receipt of the charge information, Visa or MasterCard is obligated to pay the amounts due, and this represents a receivable under the transaction.

Arising from this arrangement, the Bank transferred its rights to all future receivables to an off-shore special purpose company (SPC), Jamaica Merchant Voucher Receivables Limited, which then issues notes which are secured by the Merchant Voucher Receivables flows. The cash flows generated by the Merchant Vouchers Receivables are used by Jamaica Merchant Voucher Receivables Limited to make scheduled principal and interest payments to the note holders and any excess cash is transferred to the Bank, provided no early amortisation event or default has occurred under the terms of the notes.

On May 18, 2015, the Bank raised US$250 million through the Merchant Voucher Receivables securitisation transaction. The transaction was structured on a mortgage-style amortization basis with an interest-only period of twenty eight months and thereafter quarterly principal amortisation, beginning October 6, 2017 to final maturity on July 8, 2022. Interest is due and payable on a quarterly basis calculated at a rate of 5.875% beginning July 7, 2015.

33. Other Borrowed Funds

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(a) International Finance Corporation	-	3,371,824	-	3,371,824
(b) Development Bank of Jamaica	4,581,117	4,377,312	4,581,117	4,377,312
(c) National Export-Import Bank of Jamaica	1,000	14,296	1,000	14,296
(d) European Investment Bank	-	40,946	-	40,946
(e) Customer long-term investments	197,839	419,737	-	-
(f) IBM Global Financing	15,769	78,528	15,769	78,528
(g) Corporate notes	2,805,078	2,952,825	-	-
(h) Principal protected notes	654,203	351,887	-	-
(i) Finance lease obligations	316,653	340,953	302,277	336,369
	8,571,659	11,948,308	4,900,163	8,219,275
Unamortised transaction fees	-	(597)	-	(597)
Interest payable	23,654	45,108	-	17,052
	8,595,313	11,992,819	4,900,163	8,235,730

The current portion of other borrowed funds amounted to $1,123,021,000 (2014 – $3,852,981,000) for the Group and $865,188,000 (2014 – $448,665,000) for the Bank.

(a) In June 2005, the International Finance Corporation (IFC), the private sector financing arm of the World Bank Group, signed an agreement with the Bank for a US$30 million loan facility, repayable over 10 years in seventeen equal installments ending June 15, 2015. Interest on the facility approximated three month US dollar LIBOR plus 275 basis points. A drawdown of US$15 million was made in September 2006. This long-term financing facility was utilised by the Bank for general corporate purposes. The loan was fully repaid on December 15, 2014.

(b) The loans from Development Bank of Jamaica are granted in both Jamaican and US dollars and are utilised by the Bank to finance customers with viable ventures in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. These loans are for terms up to 10 years and at rates ranging from 4 – 10%.

(c) The loans from National Export-Import Bank of Jamaica are granted in Jamaican dollars and are utilised by the Bank to finance customers with viable ventures in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. The loans are for terms up to 4 years at an interest rate of 8%.

33. Other Borrowed Funds (continued)

(d) The loans from European Investment Bank were disbursed in EUR and USD and were utilised by the Bank for on-lending to customers. The loans were repayable in equal annual installments commencing on December 5, 2008 and ending on December 5, 2014. The average interest rate on the loans disbursed was approximately 7.99%. The loans were fully repaid December 5, 2014.

(e) Customer long-term investments represent investments placed by customers for a minimum period of five (5) years. The investments are at variable interest rates and are not subject to withholding tax if held to maturity. They are repayable between 2015 and 2016 and attract interest at 0.05% - 4.45% (2014: 0.01% - 6.00%) per annum.

(f) The Bank acquired computer equipment which was financed by IBM Global Financing. The loans are secured by a lien on the equipment and are repayable over 1 year at rates up to 1% per annum.

(g) Corporate notes are unsecured fixed rate notes issued in a combination of Jamaican dollars and United States dollars. The notes are repayable between 2015 and 2018 and attract interest at 7.15% in USD and 8.5% in JMD.

(h) The Group has issued principal protected notes which entitle the holders to participate in positive returns on the Euro Stoxx 50 or S&P 500 indices while providing a principal protection feature with or without an annual coupon interest payment. If the return on the index is negative, the holder will obtain the principal invested for the notes. Both the principal and interest payments are indexed to the US dollar. These notes are structured products and comprise a fixed income element accounted for at amortised cost (disclosed above) and a derivative (equity indexed option) element disclosed in Note 19.

(i) The finance lease obligations are as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Minimum lease payments under finance leases:				
Not later than 1 year	171,590	172,473	165,127	170,694
Later than 1 year and not later than 5 years	191,516	222,478	180,804	218,166
	363,106	394,951	345,931	388,860
Future finance charges	(46,453)	(53,998)	(43,654)	(52,491)
Present value of finance lease obligations	316,653	340,953	302,277	336,369

The present value of finance lease obligations is as follows:

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not later than 1 year	143,522	139,963	138,637	138,795
Later than 1 year and not later than 5 years	173,131	200,990	163,640	197,574
	316,653	340,953	302,277	336,369

34. Interests in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 2(b).

Consolidated Structured Entities

The Group uses securitisation as a source of financing and a means of risk transfer. Securitisation of its Diversified Payment Rights and Merchant Voucher Receivables (Note 32) is conducted through structured entities, Jamaica Diversified Payment Rights Company Limited and Jamaica Merchant Voucher Receivables Limited, exempted limited liability companies incorporated under the laws of the Cayman Islands. The relationship between the transferred rights and the associated liabilities is that holders of Notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their Notes.

Unconsolidated Structured Entity

During the prior year, the Group launched a Unit Trust Scheme comprising three portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio and the Caribbean Equity Portfolio. During the year, the Group added three new portfolios to provide customers with investment opportunities in United States currency – the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio.

The Unit Trust has an independent trustee. The Group is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	The Group	
	2015	**2014**
	$'000	**$'000**
Total assets of the Unit Trust	23,339,965	8,611,903
The Group's interest – Carrying value of units held (included in available-for-sale investment securities – Note 23)	285,619	174,342
Maximum exposure to loss	285,619	174,342
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	2,866,991	3,501,772
Total income from the Group's interests	305,165	52,214

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

35. Liabilities under Annuity and Insurance Contracts

The Group's liabilities under annuity and insurance contracts arise from the operations of its life insurance subsidiary and its general insurance subsidiary.

The life insurance subsidiary issues life insurance and annuity contracts. These contracts insure human life events (for example, death or survival) over a long duration.

The general insurance subsidiary issues property and casualty insurance contracts. Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Liabilities under Annuity and Insurance Contracts comprise the following:

	The Group	
	2015	2014
	$'000	$'000
Liabilities under life insurance and annuity contracts	27,067,026	26,651,746
Liabilities under general insurance contracts	7,622,248	7,579,164
	34,689,274	34,230,910

Liabilities under Life Insurance and Annuity Contracts

	The Group	
	2015	2014
	$'000	$'000
(a) Composition of liabilities under life insurance and annuity contracts:		
Life assurance fund	23,704,129	23,018,946
Risk reserve	3,227,494	3,535,807
Benefits and claims payable	54,085	33,808
Unprocessed premiums	81,318	63,185
	27,067,026	26,651,746

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

	The Group	
	2015	**2014**
	$'000	**$'000**
(b) Change in policyholders' liabilities:		
Life assurance fund:		
At the beginning of the year	23,018,946	23,173,469
Gross premiums	3,369,611	2,916,511
Premium refunds	(5,407)	(678)
Mortality charges transferred to the income statement	(39,985)	(46,862)
Fees transferred to the income statement	(331,843)	(265,610)
Claims and benefits	(3,208,725)	(3,693,444)
Interest credited	901,532	935,560
At the end of the year	23,704,129	23,018,946
Risk reserve:		
At the beginning of the year	3,535,807	3,200,039
Issue of new contracts	811,773	654,570
Normal changes	260,509	135,153
Impact of new tax measures	(414,795)	-
Effect of change in assumptions:		
Base renewal expense levels	(448,671)	75,753
Investment returns	(585,896)	(544,333)
Lapse and surrender rates	29,897	1,933
Mortality rates	38,870	12,692
At the end of the year	3,227,494	3,535,807
Benefits and claims payable:		
At the beginning of the year	33,808	38,769
Policyholders' claims and benefits	158,527	133,572
Benefits and claims paid	(138,250)	(138,533)
At the end of the year	54,085	33,808
Unprocessed premiums:		
At the beginning of the year	63,185	45,821
Premiums received	5,806,120	4,864,851
Premiums applied	(5,787,987)	(4,847,487)
At the end of the year	81,318	63,185

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

The movement in the risk reserve per type of contract is as follows:

	2015			
	Annuity	**Individual life**	**Group life**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance brought forward	4,956,703	(1,863,004)	442,108	3,535,807
Changes in assumptions:				
Investment returns	(8,381)	(586,583)	9,068	(585,896)
Base renewal expense levels and inflation	1,782	(453,951)	3,498	(448,671)
Lapse and surrender rates	-	29,897	-	29,897
Mortality rates	46,856	-	(7,986)	38,870
	40,257	(1,010,637)	4,580	(965,800)
Issue of new contracts	950,964	(331,839)	192,648	811,773
Normal changes	151,983	206,352	(97,826)	260,509
Tax measures (Removal of premium and investment income taxes & reduction in asset tax)	-	(403,599)	(11,196)	(414,795)
Net change	1,143,204	(1,539,723)	88,206	(308,313)
	6,099,907	(3,402,727)	530,314	3,227,494

	2014			
	Annuity	**Individual life**	**Group life**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance brought forward	4,466,714	(1,669,638)	402,963	3,200,039
Changes in assumptions:				
Investment returns	(335,760)	(208,573)	-	(544,333)
Base renewal expense levels and inflation	1,386	71,977	2,390	75,753
Lapse and surrender rates	-	1,933	-	1,933
Mortality rates	-	26,640	(13,948)	12,692
	(334,374)	(108,023)	(11,558)	(453,955)
Issue of new contracts	715,627	(239,007)	177,950	654,570
Normal changes	108,736	153,664	(127,247)	135,153
Net change	489,989	(193,366)	39,145	335,768
	4,956,703	(1,863,004)	442,108	3,535,807

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

The Group's life insurance subsidiary holds assets that match insurance liabilities. These assets comprise mainly investment securities, which are classified as available-for-sale and loans and receivables, and reverse repurchase agreements.

The assets supporting policyholders' and other liabilities are as follows:

	2015			
	Annuity Contracts	Individual and Group Life Insurance Contracts	Other Liabilities Surplus and Capital	Total
	$'000	$'000	$'000	$'000
Investment securities	5,976,354	24,692,880	7,243,033	37,912,267
Reverse repurchase agreements	279,027	1,169,789	286,428	1,735,244
Other assets	425,037	861,263	111,998	1,398,298
Property, plant and equipment	-	-	18,816	18,816
Intangible asset – computer software	-	-	255,238	255,238
	6,680,418	26,723,932	7,915,513	41,319,863

	2014			
	Annuity Contracts	Individual and Group Life Insurance Contracts	Other Liabilities, Surplus and Capital	Total
	$'000	$'000	$'000	$'000
Investment securities	4,879,744	25,340,961	5,292,120	35,512,825
Reverse repurchase agreements	122,422	190,862	1,412,179	1,725,463
Other assets	239,256	684,605	431,334	1,355,195
Property, plant and equipment	-	-	243,213	243,213
Intangible asset – computer software	-	-	107	107
	5,241,422	26,216,428	7,378,953	38,836,803

(expressed in Jamaican dollars unless otherwise indicated)

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Policy assumptions

For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity

Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiary is exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics such as AIDS and wide ranging lifestyle changes, such as eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the Group's life insurance subsidiary has significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiary's own experience.

Investment yields

The Group's life insurance subsidiary matches assets and liabilities. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's life insurance subsidiary's investment policy to determine expected rates of return on these assets for all future years. Investment yields include expected future asset defaults. For the current valuation these are:

	Individual with Investment Options	Individual & Group Life	Annuities
Year 1	6.43%	8.70%	13.03%
Year 2 – 10	Decreasing to 5.76%	Decreasing to 7.30%	13.03%
Year 11 – 29	Decreasing to 5.00%	Decreasing to 5.60%	13.03%
Year 29 onwards	5.00%	5.60%	10.30%
Year 39 onwards	-	-	7.50%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions (continued)
Persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's life insurance subsidiary's own experience adjusted for expected future conditions. A statistical study of the past two years is performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Renewal expenses and inflation
Policy maintenance expenses are derived from the Group's life insurance subsidiary's own internal cost studies projected into the future with an allowance for inflation as shown below:

Year 1	6.16%
Year 2 – 10	Decreasing to 5.35%
Year 11 – 25	Decreasing to 4.00%
Year 25 onwards	4.00%

Taxation
It is assumed that current tax legislation and rates continue unaltered.

Provisions for adverse deviations
The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Appointed Actuary uses assumptions which are considered conservative, taking into account the risk profiles of the policies written.

Sensitivity analysis
The following table represents the sensitivity of the value of the policyholders' liabilities under life insurance contracts disclosed in this note to certain movements in the valuation assumptions used.

	Change in Variable	Increase in Liability	
		2015	2014
	%	$'000	$'000
Lowering of investment returns	1	2,396,533	2,337,827
Worsening of base renewal expense levels	10	239,690	225,447
Worsening of mortality	10	60,796	132,421
Worsening of lapse and surrender rates	10	210,694	42,137

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under General Insurance Contracts

	The Group	
	2015 $'000	2014 $'000
Gross:		
Claims outstanding	5,094,258	5,085,160
Unearned premiums	2,527,990	2,494,004
	7,622,248	7,579,164
Reinsurance ceded		
Claims outstanding	(43,026)	(99,547)
Unearned premiums	(205,958)	(164,773)
	(248,984)	(264,320)
Net:		
Claims outstanding	5,051,232	4,985,613
Unearned premiums	2,322,032	2,329,231
	7,373,264	7,314,844

The movement in and composition of claims outstanding are as follows:

	2015			2014		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Notified claims	4,042,460	(87,800)	3,954,660	3,983,510	(129,676)	3,853,834
Claims incurred but not reported	1,042,700	(11,747)	1,030,953	1,014,883	(4,343)	1,010,540
Balance at beginning of year	5,085,160	(99,547)	4,985,613	4,998,393	(134,019)	4,864,374
Claims incurred	2,685,460	631	2,686,091	2,471,633	(31,171)	2,440,462
Claims paid	(2,676,362)	55,890	(2,620,472)	(2,384,866)	65,643	(2,319,223)
Balance at end of year	5,094,258	(43,026)	5,051,232	5,085,160	(99,547)	4,985,613
Comprising:						
Notified claims	3,567,995	(40,077)	3,527,918	4,042,460	(87,800)	3,954,660
Claims incurred but not reported	1,526,263	(2,949)	1,523,314	1,042,700	(11,747)	1,030,953
	5,094,258	(43,026)	5,051,232	5,085,160	(99,547)	4,985,613

35. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under General Insurance Contracts (continued)

The policy and claims liabilities were determined in accordance with accepted actuarial principles and as directed by the Financial Services Commission.

In determining the valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

The movement in and composition of unearned premiums are as follows:

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	2,494,004	(164,773)	2,329,231	2,458,015	(156,734)	2,301,281
Premiums written	5,329,875	(455,948)	4,873,927	5,236,705	(378,800)	4,857,905
Premiums earned	(5,295,889)	414,763	(4,881,126)	(5,200,716)	370,761	(4,829,955)
Balance at end of year	2,527,990	(205,958)	2,322,032	2,494,004	(164,773)	2,329,231
Comprising, by type of business:						
Liability insurance contracts	16,741	(3,183)	13,558	12,516	(3,149)	9,367
Motor insurance contracts	2,275,903	-	2,275,903	2,299,379	-	2,299,379
Pecuniary loss insurance contracts	-	-	-	-	-	-
Property insurance contracts	235,346	(202,775)	32,571	182,109	(161,624)	20,485
	2,527,990	(205,958)	2,322,032	2,494,004	(164,773)	2,329,231

36. Provision for Litigation

	The Group and The Bank	
	2015	2014
	$'000	$'000
At beginning of year	3,053	11,500
Provided during the year	4,243	2,232
Utilised/reversed during the year	(5,796)	(10,679)
At end of year	1,500	3,053

The litigation provision is in relation to claims against the Group which meet the provisioning criteria defined in Note 52. The provisions are either utilised or reversed upon settlement or a favourable change in the status of the claim.

37. Post-employment Benefits

Liabilities recognised in the statement of financial position are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Pension schemes	61,536	79,954	-	-
Other post-employment benefits	2,879,352	2,105,357	2,726,770	2,098,933
	2,940,888	2,185,311	2,726,770	2,098,933

The amounts recognised in the income statement are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Pension schemes	38,719	(9,798)	-	(46,874)
Other post-employment benefits	394,456	200,390	247,135	200,390
	433,175	190,592	247,135	153,516

The amounts recognised in the statement of comprehensive income are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Pension schemes	(31,868)	25,428	-	46,874
Other post-employment benefits	419,780	233,277	419,780	233,277
	387,912	258,705	419,780	280,151

37. Post-employment Benefits (Continued)

(a) Pension schemes

The Bank and its subsidiaries have established the following pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. All the Group's pension schemes are approved and regulated by the Financial Services Commission.

National Commercial Bank Staff Pension Fund 1986

This is a defined benefit scheme, which comprises the following pension funds which were merged on September 30, 1999:

- National Commercial Bank Staff Pension Fund 1975 (NCB 1975 Fund)
- National Commercial Bank Staff Pension Fund 1986 (NCB 1986 Fund)
- Mutual Security Bank Superannuation Scheme (MSB Fund)
- Computer Service and Programming Limited Pension Fund (CSP Fund)

Members' rights under each of the funds as at the date of merger were fully preserved in the NCB 1986 Fund and members of the merged funds receive pension benefits from the NCB 1986 Fund in respect of service up to the date of merger. The scheme was closed to new members effective October 1, 1999.

National Commercial Bank Staff Pension Fund 1999

This is a defined contribution scheme which is funded by payments from employees and by the relevant companies. Group companies contribute an amount equivalent to 5% of employees' salary to the scheme each pay cycle and employee may contribute 5% to 15%.

Advantage General Insurance Company Limited Superannuation Fund

The Group's subsidiary, Advantage General Insurance Company Limited (AGIC), sponsors a defined benefit pension scheme, which is open to all its employees who have satisfied certain minimum service requirements, and is managed by NCB Insurance Company Limited. Retirement and other benefits are based on average salary for the last three years of pensionable service. The scheme is funded by employee contributions at rates of either 5% or 10% of salary and employer contributions as recommended by the actuary consequent on triennial funding reviews.

The amounts recognised in the statement of financial position in respect of defined benefit pension schemes are as follows:

	2015		2014	
	The Bank	**AGIC**	**The Bank**	**AGIC**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	16,226,090	746,167	13,914,044	675,369
Fair value of plan assets	(20,529,745)	(684,631)	(18,411,554)	(595,415)
(Over)/under – funded obligations	(4,303,655)	61,536	(4,497,510)	79,954
Limitation on pension assets	4,303,655	-	4,497,510	-
	-	61,536	-	79,954

No asset has been recognised in relation to the Bank's defined benefit scheme as, under the rules of the scheme, the employer would not benefit from any surplus on the winding up of the scheme. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution.

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The schemes are valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at June 30, 2015 for the Bank's scheme and at August 31, 2015 for the AGIC scheme.

The movement in the defined benefit obligation is as follows:

	2015		2014	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
At beginning of year	13,914,044	675,369	13,242,453	613,540
Settlement	-	-	-	-
Employee's contributions	-	27,316	-	28,463
Service cost	-	26,972	-	25,384
Interest cost	1,276,589	64,425	1,218,113	57,946
Remeasurements:				
Experience losses/(gains)	1,111,105	(19,553)	340,774	(18,372)
Losses/(gains) from changes in financial assumptions	876,880	(293)	-	-
Curtailment	-	-	(46,874)	-
Benefits paid	(952,528)	(28,069)	(840,422)	(31,592)
At end of year	16,226,090	746,167	13,914,044	675,369

The movement in the fair value of plan assets is as follows:

	2015		2014	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
At beginning of year	18,411,554	595,415	18,093,862	522,644
Interest on plan assets	1,703,853	57,917	1,678,997	50,396
Remeasurement - return on plan assets, excluding amounts included in interest on plan assets	1,366,866	12,022	(520,883)	3,074
Contributions	-	52,585	-	55,035
Administration fees	-	(5,239)	-	(4,142)
Benefits paid	(952,528)	(28,069)	(840,422)	(31,592)
At end of year	20,529,745	684,631	18,411,554	595,415

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in the income statement are as follows:

	2015		2014	
	The Bank	**AGIC**	**The Bank**	**AGIC**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	-	26,972	-	25,384
Curtailment	-	-	(46,874)	-
Administration fees	-	5,239	-	4,142
Net interest expense	-	6,508	-	7,550
Total, included in staff costs	-	38,719	(46,874)	37,076

The amounts recognised in other comprehensive income are as follows:

	2015		2014	
	The Bank	**AGIC**	**The Bank**	**AGIC**
	$'000	**$'000**	**$'000**	**$'000**
Loss/(gain) on present value of funded obligations	1,987,985	(19,846)	340,774	(18,372)
(Gain)/loss on fair value of plan assets	(1,366,866)	(12,022)	520,883	(3,074)
Change in effect of asset ceiling	(621,119)	-	(814,783)	-
Net (gain)/loss	-	(31,868)	46,874	(21,446)

Plan assets for the Bank's defined benefit pension scheme are comprised as follows:

	2015		2014	
	$'000	**%**	**$'000**	**%**
Debt securities	12,324,446	60.03	11,339,809	61.59
Equity securities	5,435,803	26.48	4,314,429	23.43
Real estate	2,514,518	12.25	2,344,192	12.74
Other	254,978	1.24	413,124	2.24
	20,529,745	100.00	18,411,554	100.00

These plan assets included:

- Ordinary stock units of the Bank with a fair value of $1,133,805,000 (2014 – $1,103,570,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $53,065,000 (2014 – $333,256,000).
- Properties occupied by the Group with a fair value of $474,400,000 (2014 - $468,950,000).

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets for AGIC's defined benefit pension scheme are comprised as follows:

	2015		2014	
	$'000	%	$'000	%
Debt securities	365,173	53.34	365,157	61.33
Equity securities	146,610	21.41	79,982	13.43
Real estate and other	172,848	25.25	150,276	25.24
	684,631	100.00	595,415	100.00

Expected contributions to the Bank's and AGIC's defined benefit pension schemes for the year ending September 30, 2015 are Nil and $27,270,000, respectively.

The principal actuarial assumptions used are as follows:

	2015		2014	
	The Bank	AGIC	The Bank	AGIC
Discount rate	9.00%	9.00%	9.50%	9.50%
Future salary increases	6.00%	6.00%	6.00%	7.00%
Future pension increases	4.00%	2.50%	4.00%	2.50%

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality tables (GAM (94) (U.S. mortality tables) with no age setback.

The average duration of the defined benefit pension obligation at 30 September 2015 is 11.9 years for the Bank's defined benefit scheme and 18.5 years for AGIC's scheme.

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

The Bank

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(1,676,042)	2,029,149
Future salary increases	1%	146,262	(137,620)
Future pension increases	1%	1,600,747	(1,477,586)
Life expectancy	1 year	376,000	(391,000)

AGIC

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(115,723)	153,059
Future salary increases	1%	71,536	(60,109)
Future pension increases	1%	64,408	(55,664)
Life expectancy	1 year	13,460	(13,000)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

37. Post-employment Benefits (Continued)

(b) 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. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 1.5 percentage points above CPI per year (2014 – 1.5 percentage points above CPI).

The average duration of the other post-employment benefits obligation at 30 September 2015 is 17.7 years.

The amounts recognised in the statement of financial position are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Present value of unfunded obligations	2,879,352	2,105,357	2,726,770	2,098,933

The movement in the defined benefit obligation is as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of the year	2,105,357	1,709,144	2,098,933	1,702,720
Service cost	56,140	40,411	49,593	40,411
Interest cost	208,675	159,979	197,542	159,979
Remeasurements:				
Experience losses	7,355	233,277	7,355	233,277
Losses from changes in financial assumptions	412,425	-	412,425	-
Additional liability recognised in respect of prior year	129,641	-	-	-
Benefits paid	(40,241)	(37,454)	(39,078)	(37,454)
At end of year	2,879,352	2,105,357	2,726,770	2,098,933

The amounts recognised in the income statement are as follows:

	The Group		The Bank	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Service cost	56,140	40,411	49,593	40,411
Net interest expense	208,675	159,979	197,542	159,979
Additional liability recognised in respect of prior year	129,641	-	-	-
Total, included in staff costs (Note 11)	394,456	200,390	247,135	200,390

37. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The sensitivity of the other post-employment benefit obligation to changes in the principal assumptions is as follows:

	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(407,981)	524,672
Medical cost inflation	1%	519,974	(411,417)
Life expectancy	1 year	83,490	(83,490)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(c) Risks associated with pension plans and post-employment schemes

Through its defined benefit pension and other post-employment benefit schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group does not use derivatives to manage its plan risk. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

Asset volatility risk
The schemes' liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if the schemes' assets underperform this yield, this will create a deficit.

Interest rate risk
The schemes' liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. A decrease in Government of Jamaica bond yields will increase the schemes' liabilities, although this will be partially offset by an increase in the value of the schemes' fixed-rate bond holdings.

Salary risk
The present values of the defined benefit schemes' liabilities are calculated by reference to the future salaries of participants. As such, an increase in the salaries of participants will increase the schemes' liabilities.

Longevity risk
The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes liabilities.

38. Other Liabilities

	The Group			The Bank		
		Restated	Restated		Restated	Restated
	2015	2014	2013	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Accrued staff benefits	1,302,183	2,842,209	1,714,276	1,090,817	2,552,223	1,633,288
Due to customers, merchants and clients	2,982,683	2,668,608	1,943,738	1,395,655	2,349,967	1,594,144
Accrued other operating expenses	1,791,378	1,656,427	2,317,345	1,401,557	1,238,758	1,446,913
Other	1,021,785	973,184	255,149	674,088	862,787	460,679
	7,098,029	8,140,428	6,230,508	4,562,117	7,003,735	5,135,024

39. Share Capital

	2015	2014
	$'000	$'000
Authorised – 5,750,000,000 ordinary shares		
Issued and fully paid up –		
2,466,762,828 ordinary stock units of no par value	6,465,731	6,465,731
5,293,916 ordinary stock units held by NCB Employee Share Scheme	(3,388)	(3,388)
Issued and outstanding	6,462,343	6,462,343

The NCB Employee Share Scheme was established in 1986 to acquire certain shares of NCB Group Limited, the then holding company for the Group, for the beneficial interest of eligible employees. The scheme holds 5.3 million units of the Bank's ordinary stock that have not been reissued to staff and are accounted for as treasury shares. The scheme, which is included in the consolidated financial statements, is currently dormant.

40. Fair Value and Capital Reserves

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fair value reserve	(1,162,185)	(754,247)	(255,887)	(209,210)
Capital reserve	3,927,506	3,325,252	374,471	374,471
	2,765,321	2,571,005	118,584	165,261
Capital reserve comprises:				
Realised –				
Capital gains from the scheme of arrangement	-	-	300,564	300,564
Surplus on revaluation of property, plant and equipment	92,991	92,991	-	-
Retained earnings capitalised	98,167	98,167	-	-
Share redemption reserve	1,077,382	1,077,382	-	-
Unrealised –				
Translation reserve	1,659,576	1,399,493	-	-
Surplus on revaluation of property, plant and equipment	142,963	142,963	73,907	73,907
Share of movement in reserves of associate	401,643	59,472	-	-
Other	454,784	454,784	-	-
	3,927,506	3,325,252	374,471	374,471

41. Loan Loss Reserve

This is a non-distributable reserve representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 22).

42. Banking Reserve Fund

This fund is maintained in accordance with the Banking Services Act, 2014 which requires that a minimum of 15% of the net profits, as defined by the Act, of the Bank be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank. The Banking Act, 1992 had similar requirements. During the 2012 financial year, the amount of the fund surpassed the paid-up capital of the Bank and therefore no further mandatory transfers were required.

The Financial Institutions Act, 2008, which is applicable for the Group's subsidiary in Trinidad and Tobago, requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

43. Retained Earnings Reserve

The Banking Act 1992 permitted the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers. Under that Act, the deposit liabilities of the Bank and other indebtedness for borrowed money together with all interest accrued were not to exceed twenty-five times its capital base.

44. Cash Flows from Operating Activities

	Note	The Group		The Bank	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net profit		12,301,790	12,327,120	7,888,482	8,218,338
Adjustments to reconcile net profit to net cash flow provided by operating activities:					
Depreciation	28	999,523	840,151	898,050	756,679
Amortisation of intangible assets	27	564,028	407,252	431,009	325,667
Impairment losses on securities	13	79,765	200,085	-	-
Share of after tax profits of associates	25	(433,666)	(902,696)	-	-
Loss on dilution of investment in associate		50,748	-	-	-
Negative goodwill on acquisition of subsidiary	48	-	(301,441)	-	-
Gain on disposal of investment in associate		-	(349,042)	-	(1,796,456)
Provision for credit losses	22	1,799,158	2,226,949	1,795,638	2,230,406
Interest income	6	(37,485,884)	(36,899,627)	(27,390,043)	(26,127,855)
Interest expense	6	11,521,854	12,238,960	7,583,213	7,712,629
Income tax expense	15	4,082,309	3,142,766	1,872,535	1,361,327
Unrealised exchange losses on securitisation arrangements		1,456,241	1,099,991	1,456,241	1,099,991
Amortisation of upfront fees on securitisation arrangements		151,632	23,845	151,632	23,845
Unrealised exchange losses on other borrowed funds		3,116,904	238,005	74,096	118,970
Amortisation of upfront fees on other borrowed funds		-	1,520	597	1,520
Change in post-employment benefit obligations	37	433,175	190,592	247,135	153,516
Foreign exchange gains		(1,576,274)	(1,133,957)	(1,147,304)	(597,553)
Gain on disposal of property, plant and equipment and intangible assets		(65,979)	(36,831)	(65,459)	(36,098)
Fair value losses/(gains) on investment property	26	9,000	(22,000)	-	-
Fair value losses/(gains) on derivative financial instruments		95,019	(143,141)	95,019	(143,141)
Changes in operating assets and liabilities:					
Statutory reserves at Central Bank		(414,002)	(2,441,110)	(386,174)	(2,342,609)
Pledged assets included in due from other banks		(235,333)	(68,893)	(235,333)	(115,968)
Restricted cash included in due from other banks		(394,803)	(63,449)	(394,803)	(63,449)
Reverse repurchase agreements		(319,634)	(571,257)	1,416,032	(807,034)
Loans and advances		(9,641,007)	(18,356,129)	(8,206,656)	(18,140,112)
Customer deposits		26,152,493	21,992,735	16,112,764	19,073,395
Repurchase agreements		(33,760,156)	16,985,791	(30,116,562)	19,703,942
Liabilities under annuity and insurance contracts		458,364	316,404	-	-
Other		(654,006)	1,833,220	(1,617,409)	320,644
		(34,010,531)	448,693	(37,425,782)	2,712,256
Interest received		37,755,067	36,745,573	27,486,007	25,934,577
Interest paid		(12,053,073)	(11,402,066)	(7,913,220)	(7,011,027)
Income tax paid		(4,343,628)	(1,788,345)	(2,393,853)	(144,690)
		(12,652,165)	24,003,855	(20,246,848)	21,491,116
Net cash (used in)/provided by operating activities		(350,375)	36,330,975	(12,358,366)	29,709,454

45. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loans and advances								
Balance at September 30	-	225	-	6	218,162	226,326	978,402	983,407
Interest income earned	-	110	26	53	12,346	14,500	67,738	83,294
Investment securities								
Balance at September 30	180,118	-	-	-	-	-	-	-
Interest income earned	13,860	-	-	-		-	-	-
Reverse repurchase agreements								
Balance at September 30	-	-	1,024,500	671,754	-		-	-
Interest income earned	-	-	14,175	5,124	-	-	-	-
Other assets								
Balance at September 30	11,025	30,482	514	609	-		79,003	71,179
Fees and commission income	22,054	21,632	30,361	25,309	955	1,231	2,379	4,973
Other operating income	8,989	8,463	-	-		-	351,095	339,021

45. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Customer deposits								
Balance at September 30	37,901	30,725	2,159,765	2,605,054	130,482	128,698	386,571	515,119
Interest expense	602	4,070	6,451	6,049	951	927	1,142	3,136
Repurchase agreements								
Balance at September 30	233,432	218,284	237,807	842,222	366,190	761,369	36,695	130,164
Interest expense	8,438	6,002	35,996	34,728	16,485	15,081	1,822	3,835
Other liabilities								
Balance at September 30	-	2,587	-	-	18,923	50,928	-	-
Operating expenses	145,991	186,103	4,472	4,584	17,198	43,397	695,433	211,562

45. Related Party Transactions and Balances (Continued)

	The Bank							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and advances								
Balance at September 30	45	225	-	6	218,162	226,326	978,402	983,407
Interest income earned	40	110	26	53	12,346	14,500	67,738	83,294
Reverse repurchase agreements								
Balance at September 30	1,147,803	1,431,326	800,000	40,000	-	-	-	-
Interest income earned	50,022	74,702	13,309	4,045	-	-	-	-
Other assets								
Balance at September 30	144,487	103,437	-	-	-	-	-	-
Fee and commission income	40,567	42,978	30,361	25,309	370	929	1,288	4,177
Dividend income	2,333,310	1,615,111	137,209	205,495	-	-	10,973	8,088
Other operating income	77,092	62,425	-	-	-	-	-	-

45. Related Party Transactions and Balances (Continued)

	The Bank (Continued)							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Customer deposits								
Balance at September 30	1,255,735	5,565,246	2,159,765	2,605,054	130,482	129,698	386,571	515,119
Interest expense	59,002	8,577	6,451	6,049	951	927	1,142	3,136
Repurchase agreements								
Balance at September 30	2,137,907	10,247,304	237,807	805,345	-	-	-	-
Interest expense	357,329	652,239	35,996	34,000	-	-	-	-
Due to other banks								
Balance at September 30	8,764,274	6,321,308	-	-	-	-	-	-
Interest expense	347,601	415,053	-	-	-	-	-	-
Other liabilities								
Balance at September 30	58,385	31,268	-	-	-	-	-	-
Operating Expenses	418,620	383,909	4,472	4,584	17,198	8,376	695,433	211,562

45. Related Party Transactions and Balances (Continued)

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	665,536	566,073	556,612	493,670
Post-employment benefits	34,327	28,819	31,700	26,635
Termination benefits	-	47,228	-	47,228
	699,863	642,120	588,312	567,533
Directors' emoluments:				
Fees	49,238	29,779	12,669	9,373
Management remuneration	275,340	227,243	275,340	227,243

46. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: credit, market, interest rate and liquidity risks.

The Group's risk management framework guides its risk-taking activities and ensures that it is in conformity with regulatory requirements, applicable laws, the Board's risk appetite, stockholders' expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk/reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while maximising long term shareholder value. The Group's comprehensive risk governance structure incorporates: (a) oversight effected through the Board, Board committees and relevant management committees, (b) administrative controls effected through the establishment of policies, and (c) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk-taking activities.

46. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterise the Board's risk tolerance and also that of the Regulator. Limits are established for:
(i) Credit and Counterparty risk - exposures to individuals, group, counterparty, country
(ii) Market risk - rate gap exposure, currency exposure, market value exposure
(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures

Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/or the Board of Directors.

(a) Credit risk

This is defined as potential for loss to the organisation arising from failure of a borrower, guarantor or counterparty to honour their contractual obligations to the Group.

The Group incurs credit and counterparty risk primarily in its loan business, reverse repurchase arrangements, and certain investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management is facilitated by a cadre of loans officers and credit risk personnel, who together operate within a control framework which employs a hierarchical level of authorisations for transactions that expose the organisation to credit risk. Operating practices include the establishment of limits, ongoing monitoring of credit risk exposures, a disciplined approach to provisioning and loan loss evaluation in addition to ongoing reporting of portfolio exposures to the relevant governance committees and the regulators.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

The Group employs the following classifications in assessing its exposures to its borrowing customers. The classifications are in line with the Central Bank regulations.

Standard
Special Mention
Sub-Standard
Doubtful
Loss

Exposure to credit risk is mitigated by the taking of financial or physical assets.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) Loans - mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable and charges over financial instruments such as debt securities.

(ii) Securities lending and reverse repurchase transactions – cash or securities.

The Group may also obtain guarantees from parent companies for loans to their subsidiaries.

Collateral values are monitored with a view to requesting additional collateral where market values are compromised or the terms in the loan agreements dictate.

Impairment loss provision methodology

Provisions for impairment losses are assessed under three categories as described below:

Sub-standard, Doubtful or Loss rated loans

The Group identifies substandard, doubtful or loss rated loans as determined by Bank of Jamaica Regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant, Standard and Special Mention loans

Individually significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which include:

(i) Any significant financial difficulty being experienced by the borrower.

(ii) Breach of contract, such as default term, delinquency in principal and interest.

(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively assessed provisions

All loans, excluding those that are impaired, are assessed on a portfolio basis where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

The tables below show the loans and the associated impairment provision for each internal rating class:

The Group

	2015		2014	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	151,965,646	1,041,824	145,316,221	985,414
Special Mention	7,428,917	9,088	6,365,904	34,878
Sub-Standard	2,211,649	73,934	2,422,358	408,637
Doubtful	897,555	866,972	1,189,489	590,952
Loss	6,728,508	2,443,370	6,569,427	2,886,974
	169,232,275	4,435,188	161,863,399	4,906,855

The Bank

	2015		2014	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	149,245,311	1,026,842	144,138,004	974,031
Special Mention	7,413,404	9,088	6,360,053	34,878
Sub-Standard	2,208,763	73,357	2,422,358	408,637
Doubtful	897,555	866,972	1,112,746	590,952
Loss	6,728,508	2,443,370	6,525,204	2,886,974
	166,493,541	4,419,629	160,558,365	4,895,472

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Bank	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unimpaired	164,934,591	155,536,382	162,204,199	154,252,706
Impaired	4,297,684	6,327,017	4,289,342	6,305,659
Gross	169,232,275	161,863,399	166,493,541	160,558,365
Less: provision for credit losses	(4,435,188)	(4,906,855)	(4,419,629)	(4,895,472)
Net	164,797,087	156,956,544	162,073,912	155,662,893

The ageing analysis of past due but not impaired loans is as follows:

	The Group		The Bank	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Less than 30 days	27,850,621	27,392,199	27,806,276	27,390,883
31 to 60 days	4,117,936	4,640,655	3,969,811	4,640,655
61 to 90 days	4,242,746	3,005,775	4,088,292	3,005,125
Greater than 90 days	4,550,794	2,462,591	4,405,548	2,458,330
	40,762,097	37,501,220	40,269,927	37,494,993

Of the aggregate amount of gross past due but not impaired loans, $31,654,463,000 was secured as at September 30, 2015 (2014 – $25,541,157,000).

Restructured loans

Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, as defined in paragraph 59(c) of IAS 39, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

The table below represents a worst case scenario of credit risk exposure of the Group and the Bank at the date of the statement of financial position, without taking account of any collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

	The Group		The Bank	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on-balance sheet assets:				
Balances with Central Bank	25,304,199	26,324,470	25,139,367	26,223,471
Due from other banks	25,698,575	21,792,564	22,872,541	20,433,888
Derivative financial instruments	486,783	581,668	433,989	529,008
Investment securities at fair value through profit or loss	721,681	381,373	-	-
Reverse repurchase agreements	2,148,117	1,621,798	2,601,543	1,471,326
Loans and advances, net of provision for credit losses	165,404,606	157,630,000	162,675,184	156,335,868
Investment securities classified as available-for-sale and loans and receivables	274,494,553	262,716,787	121,503,718	116,077,174
Customers' liability – letters of credit and undertaking	1,775,088	1,270,160	1,775,088	1,270,160
Other assets	3,645,438	3,807,854	2,533,491	3,073,191
	499,679,040	476,126,674	339,534,921	325,414,086
Credit risk exposures relating to off-balance sheet items:				
Credit commitments	32,757,165	28,207,396	32,757,165	28,207,396
Acceptances, guarantees and indemnities	5,268,774	6,881,226	2,905,921	4,120,851
	38,025,939	35,088,622	35,663,086	32,328,247

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica. The following table summarises the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Bank	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Agriculture	5,332,629	6,458,274	5,148,702	6,441,746
Public Sector	7,249,658	7,544,630	7,114,357	7,539,475
Construction and land development	14,520,281	14,916,867	14,484,072	14,899,144
Other financial institutions	1,208,784	1,559,895	1,179,839	1,531,156
Distribution	17,363,194	16,121,889	17,171,591	16,013,039
Electricity, water & gas	1,019,847	4,186,884	1,019,847	4,186,884
Entertainment	905,779	1,417,904	905,779	1,417,904
Manufacturing	6,555,246	4,330,436	6,340,513	4,300,359
Mining and processing	400,670	370,556	400,670	370,556
Personal	75,425,536	72,376,881	73,600,909	72,214,922
Professional and other services	4,641,271	6,335,888	4,588,817	6,299,783
Tourism	20,609,070	17,777,419	20,567,234	17,765,048
Transportation storage and communication	3,068,807	2,858,494	3,039,708	2,844,163
Overseas residents	10,931,503	5,607,382	10,931,503	4,734,186
Total	169,232,275	161,863,399	166,493,541	160,558,365
Total provision	(4,435,188)	(4,906,855)	(4,419,629)	(4,895,472)
	164,797,087	156,956,544	162,073,912	155,662,893
Interest receivable	607,519	673,456	601,272	672,975
Net	165,404,606	157,630,000	162,675,184	156,335,868

(ii) Debt securities

The following table summarises the credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Bank	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Government of Jamaica and Bank of Jamaica	244,201,054	225,072,828	113,937,851	107,336,286
Government of Jamaica guaranteed corporate bonds	6,626,817	14,822,275	1,347,444	1,859,212
Other corporate bonds	18,301,558	14,887,279	4,679,908	3,783,554
Foreign governments	2,412,826	4,450,158	-	1,551,089
	271,542,255	259,232,540	119,965,203	114,530,141
Interest receivable	3,673,979	3,865,620	1,538,515	1,547,033
	275,216,234	263,098,160	121,503,718	116,077,174

46. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity risk policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is a sufficient level of liquid assets available in addition to stable funding lines to meet ongoing cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each group company;

(iii) Use of tools to measure the organisation's exposures;

(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;

(v) Diversification of funding sources;

(vi) Maintenance of committed lines of credits; and

(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group's liquidity exposure. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets and liabilities based on the remaining period.

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2015:						
Due to other banks	2,682,026	143,836	1,656,569	2,300,939	-	6,783,370
Customer deposits	195,967,403	14,228,349	17,129,461	1,110,845	-	228,436,058
Repurchase agreements	40,932,524	41,500,087	13,157,637	6,843,479	-	102,433,727
Obligations under securitisation arrangements	435,854	263,889	2,099,230	25,505,704	32,726,154	61,030,831
Other borrowed funds	3,395,092	368,953	856,801	4,882,051	1,092,364	10,595,261
Liabilities under annuity and insurance contracts	433,992	1,730,383	7,592,175	21,106,810	63,032,352	93,895,712
Other	5,486,193	702,023	97,282	-	58,955	6,344,453
Total financial liabilities (contractual maturity dates)	249,333,084	58,937,520	42,589,155	61,749,828	96,909,825	509,519,412
Total financial liabilities (expected maturity dates)	36,875,185	10,430,788	14,043,088	54,477,610	413,571,585	529,398,256
Total financial assets (expected maturity dates)	116,210,350	21,831,140	56,299,597	270,247,601	315,299,062	779,887,750

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2014:						
Due to other banks	2,739,391	950,038	862,816	2,530,960	-	7,083,205
Customer deposits	167,312,698	11,903,766	22,438,469	1,070,223	1,968	202,727,124
Repurchase agreements	44,071,860	42,222,085	47,790,834	2,283,892	36,190	136,404,861
Obligations under securitisation arrangements	-	248,839	1,684,238	16,611,841	-	18,544,918
Other borrowed funds	2,599,887	435,046	4,678,821	4,117,544	1,263,137	13,094,435
Liabilities under annuity and insurance contracts	398,634	1,553,288	7,476,471	20,718,282	61,135,711	91,282,386
Other	8,008,362	1,327,094	281,357	30,000	43,239	9,690,052
Total financial liabilities (contractual maturity dates)	225,130,832	58,640,156	85,213,006	47,362,742	62,480,245	478,826,981
Total financial liabilities (expected maturity dates)	29,178,080	12,175,752	24,085,079	47,453,353	394,691,748	507,584,012
Total financial assets (expected maturity dates)	44,172,687	26,705,063	65,748,190	264,830,634	319,489,758	720,946,332

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2015:						
Due to other banks	6,590,043	2,337,566	4,550,297	2,300,939	-	15,778,845
Customer deposits	191,189,685	11,268,568	12,020,137	387,203	-	214,865,593
Repurchase agreements	8,941,527	1,476,776	3,499,674	6,840,113	-	20,758,090
Obligations under securitisation arrangements	435,854	263,889	2,099,230	25,505,704	32,726,154	61,030,831
Other borrowed funds	29,406	260,885	797,211	3,928,418	1,092,364	6,108,284
Other	3,038,412	702,023	97,282	-	9,769	3,847,486
Total financial liabilities (contractual maturity dates)	210,224,927	16,309,707	23,063,831	38,962,377	33,828,287	322,389,129
Total financial liabilities (expected maturity dates)	23,247,828	7,075,371	11,475,595	35,449,337	261,823,630	339,071,761
Total financial assets (expected maturity dates)	95,038,409	13,100,058	34,851,508	194,075,293	190,162,492	527,227,760

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2014:						
Due to other banks	4,056,445	2,130,026	4,951,955	2,530,960	-	13,669,386
Customer deposits	170,879,413	10,326,324	17,715,171	237,864	-	199,158,772
Repurchase agreements	11,149,304	5,054,170	32,742,878	2,250,531	-	51,196,883
Obligations under securitisation arrangements	-	248,839	1,684,238	16,611,841	-	18,544,918
Other borrowed funds	37,252	245,763	3,748,322	3,765,625	1,263,137	9,060,099
Other	5,794,344	1,172,570	281,357	30,000	43,239	7,321,510
Total financial liabilities (contractual maturity dates)	191,916,758	19,177,692	61,123,921	25,426,821	1,306,376	298,951,568
Total financial liabilities (expected maturity dates)	22,324,705	13,422,000	18,235,416	26,317,216	245,281,558	325,580,895
Total financial assets (expected maturity dates)	43,902,203	16,453,414	35,548,892	194,114,677	198,987,058	489,006,244

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)
Cash flows of financial liabilities (continued)

Off-balance sheet items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2015				
Credit commitments	32,757,165	-	-	32,757,165
Guarantees, acceptances and other financial facilities	4,013,432	168,062	1,087,280	5,268,774
Operating lease commitments	113,127	433,028	129,260	675,415
Capital commitments	2,431,552	-	-	2,431,552
	39,315,276	601,090	1,216,540	41,132,906
At September 30, 2014				
Credit commitments	28,207,396	-	-	28,207,396
Guarantees, acceptances and other financial facilities	5,594,133	278,978	1,008,115	6,881,226
Operating lease commitments	200,283	357,985	15,285	573,553
Capital commitments	2,253,126	-	-	2,253,126
	36,254,938	636,963	1,023,400	37,915,301

	The Bank			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2015				
Credit commitments	32,757,165	-	-	32,757,165
Guarantees, acceptances and other financial facilities	1,650,579	168,062	1,087,280	2,905,921
Operating lease commitments	113,127	433,028	129,260	675,415
Capital commitments	1,918,445	-	-	1,918,445
	36,439,316	601,090	1,216,540	38,256,946
At September 30, 2014				
Credit commitments	28,207,296	-	-	28,207,296
Guarantees, acceptances and other financial facilities	2,833,758	278,978	1,008,115	4,120,851
Operating lease commitments	200,283	357,985	15,285	573,553
Capital commitments	1,711,634	-	-	1,711,634
	32,952,971	636,963	1,023,400	34,613,334

Capital commitments are in relation to approved expenditures for property, plant, equipment and computer software that were unused as at the end of the respective financial years either because they relate to work in progress or are awaiting the start of the project. Of the total capital commitments, planned expenditure valuing $1,251,628,000 (2014 – $1,506,008,000) for the Group has already been contracted for.

46. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Group incurs market risk primarily in treasury, trading and structural banking activities. The Group takes a comprehensive governance approach in accordance with the enterprise-wide risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- The utilisation of tools and models to measure market risk exposure.
- Limit setting mechanisms and a monitoring process.
- The utilisation of scenario analysis and of stress testing for worst case events.

There has been no change to the manner in which the Group manages and measures this risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes on open position in a currency. To control this exchange risk, the Group has approved limits for net open positions in each currency for both intra-day and overnight.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments

The tables below summarise the Group's and the Bank's exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

	The Group					
	$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Banks	18,172,465	9,273,528	1,104,547	169,006	155,544	28,875,090
Due from other banks	2,733,106	10,913,085	7,881,132	1,410,491	2,760,761	25,698,575
Investment securities at fair value through profit or loss	130,462	703,678	-	-	109,044	943,184
Reverse repurchase agreements	2,029,377	118,740	-	-	-	2,148,117
Loans and advances net of provision for credit losses	105,905,104	58,570,648	-		928,854	165,404,606
Investment securities classified as available-for-sale and loans and receivables	136,190,934	137,032,686	1,820,896	-	-	275,044,516
Other	2,320,759	1,227,390	332	174	83,927	3,632,582
Total financial assets	267,482,207	217,839,755	10,806,907	1,579,671	4,038,130	501,746,670
Liabilities						
Due to other banks	942,428	5,045,546	91,760	43,811	22,821	6,146,366
Customer deposits	118,143,476	94,803,000	10,038,745	1,463,800	3,401,964	227,850,985
Repurchase agreements	43,224,059	56,779,949	-	-	-	100,004,008
Obligations under securitisation arrangements	-	44,292,064	-	-	-	44,292,064
Other borrowed funds	3,942,583	4,652,730	-	-	-	8,595,313
Liabilities under annuity and insurance contracts	34,460,784	228,490	-	-	-	34,689,274
Other	4,390,955	1,741,697	287,470	54,528	23,986	6,498,636
Total financial liabilities	205,104,285	207,543,476	10,417,975	1,562,139	3,448,771	428,076,646
Net on-balance sheet position	62,377,922	10,296,279	388,932	17,532	589,359	73,670,024
Guarantees, acceptances and other financial facilities	2,356,001	2,904,384	1,293	-	7,096	5,268,774
Credit commitments	32,700,501	56,664	-	-	-	32,757,165

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Group					
	$	US$	GBP	CAN$	Other	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Banks	18,212,043	10,080,753	1,151,129	224,373	126,817	29,795,115
Due from other banks	1,062,057	10,575,181	7,385,504	1,450,804	1,319,018	21,792,564
Investment securities at fair value through profit or loss	128,710	394,683	-	-	-	523,393
Reverse repurchase agreements	1,046,503	545,970	-	-	29,325	1,621,798
Loans and advances net of provision for credit losses	105,491,089	51,729,880	3	-	409,028	157,630,000
Investment securities classified as available-for-sale and loans and receivables	137,463,274	121,097,223	2,900,840	-	2,186,027	263,647,364
Other	4,823,841	985,908	6,281	211	83,926	5,900,167
Total financial assets	268,227,517	195,409,598	11,443,757	1,675,388	4,154,141	480,910,401
Liabilities						
Due to other banks	813,737	5,338,401	92,564	51,016	40,856	6,336,574
Customer deposits	104,665,233	85,091,497	8,837,927	1,225,561	2,342,174	202,162,392
Repurchase agreements	73,042,680	58,917,985	1,519,468	230,226	980,267	134,690,626
Obligations under securitisation arrangements	-	13,885,577	-	-	-	13,885,577
Other borrowed funds	4,118,632	7,874,187	-	-	-	11,992,819
Liabilities under annuity and insurance contracts	33,954,514	276,396	-	-	-	34,230,910
Other	7,637,873	1,861,311	39,318	6,690	23,237	9,568,429
Total financial liabilities	224,232,669	173,245,354	10,489,277	1,513,493	3,386,534	412,867,327
Net on-balance sheet position	43,994,848	22,164,244	954,480	161,895	767,607	68,043,074
Guarantees, acceptances and other financial facilities	2,271,491	4,601,807	219	-	7,709	6,881,226
Credit commitments	25,879,146	2,328,250	-	-	-	28,207,396

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Bank					
	J$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Bank	18,133,033	9,273,514	1,099,030	169,006	29,685	28,704,268
Due from other banks	2,761,759	9,268,607	7,722,407	1,410,359	1,709,409	22,872,541
Derivative financial Instruments	433,989	-	-	-	-	433,989
Reverse repurchase agreements	2,008,000	593,543	-	-	-	2,601,543
Loans and advances net of provision for credit losses	105,905,052	56,770,132	-	-	-	162,675,184
Investment securities classified as available-for-sale and loans and receivables	44,245,990	75,541,522	1,819,897	-	-	121,607,409
Other	1,282,109	1,116,946	332	175	-	2,399,562
Total financial assets	174,769,932	152,564,264	10,641,666	1,579,540	1,739,094	341,294,496
Liabilities						
Due to other banks	941,165	13,425,948	380,773	52,820	99,836	14,900,542
Customer deposits	119,146,048	82,347,305	10,036,123	1,468,183	1,450,876	214,448,535
Repurchase agreements	9,236,099	10,425,282	77,230	34,928	11,406	19,784,945
Obligations under securitisation arrangements	-	44,292,064	-	-	-	44,292,064
Other borrowed funds	2,863,119	2,037,044	-	-	-	4,900,163
Other	3,074,150	711,701	60,252	636	747	3,847,486
Total financial liabilities	135,260,581	153,239,344	10,554,378	1,556,567	1,562,865	302,173,735
Net on-balance sheet position	39,509,351	(675,080)	87,288	22,973	176,229	39,120,761
Guarantees, acceptances and other financial facilities	2,356,001	541,531	1,293	-	7,096	2,905,921
Credit commitments	32,700,501	56,664				32,757,165

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Bank					
	$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Bank	18,209,245	10,080,687	1,141,631	224,373	28,212	29,684,148
Due from other banks	1,155,547	9,621,293	7,269,698	1,452,502	934,848	20,433,888
Reverse repurchase agreements	1,127,965	343,361	-	-	-	1,471,326
Loans and advances net of provision for credit losses	105,491,013	50,844,852	3	-	-	156,335,868
Investment securities classified as available-for-sale and loans and receivables	47,040,182	65,020,119	2,900,840	-	1,504,687	116,465,828
Other	3,858,986	907,103	6,281	210	-	4,772,580
Total financial assets	176,882,938	136,817,415	11,318,453	1,677,085	2,467,747	329,163,638
Liabilities						
Due to other banks	1,056,607	10,980,530	112,046	61,136	419,971	12,630,290
Customer deposits	106,460,406	79,421,039	10,489,327	1,444,520	900,531	198,715,823
Repurchase agreements	34,374,732	15,332,829	-	-	439,178	50,146,739
Obligations under securitisation arrangements	-	13,885,577	-	-	-	13,885,577
Other borrowed funds	2,647,639	5,588,091	-	-	-	8,235,730
Other	5,816,455	1,466,912	36,805	1,337	-	7,321,509
Total financial liabilities	150,355,839	126,674,978	10,638,178	1,506,993	1,759,680	290,935,668
Net on-balance sheet position	26,527,099	10,142,437	680,275	170,092	708,067	38,227,970
Guarantees, acceptances and other financial facilities	2,271,491	1,841,432	219	-	7,709	4,120,851
Credit commitments	25,879,146	2,328,250	-	-	-	28,207,396

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Bank have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear.

There was no effect on other comprehensive income.

	2015			2014		
	% Change in Currency Rate	Effect on Net Profit		% Change in Currency Rate	Effect on Net Profit	
		The Group	The Bank		The Group	The Bank
		$'000	$'000		$'000	$'000
Currency:						
USD	1% Appreciation	(102,963)	6,751	1% Appreciation	(221,642)	(101,424)
	8% Depreciation	823,704	(54,005)	10% Depreciation	2,216,424	1,014,244
GBP	1% Appreciation	(3,889)	(873)	1% Appreciation	(9,545)	(6,803)
	8% Depreciation	31,115	6,983	10% Depreciation	95,448	68,028
CAN	1% Appreciation	(175)	(230)	1% Appreciation	(1,619)	(1,701)
	8% Depreciation	1,401	1,836	10% Depreciation	16,187	17,007

(ii) Interest rate risk

Interest rate risk arises when the Group's principal and interest cash flows from on and off balance sheet items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Group's policy requires that such mismatches are managed. Accordingly, the Board requires that a comprehensive system of limits, gap analysis and stress testing be used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	9,851,361	-	-	-	-	19,023,729	28,875,090
Due from other banks	13,518,526	2,627,996	-	-	-	9,552,053	25,698,575
Investment securities at fair value through profit or loss	4,088	-	591	258,271	446,983	233,251	943,184
Reverse repurchase agreements	2,148,117	-	-	-	-	-	2,148,117
Loans and advances net of provision for credit losses	61,429,584	27,778,560	11,146,057	47,652,297	14,938,176	2,459,932	165,404,606
Investment securities classified as available-for-sale and loans and receivables	43,907,673	30,189,031	25,053,280	84,557,198	86,862,308	4,475,026	275,044,516
Other	-	-	-	-	-	3,669,312	3,669,312
Total financial assets	130,859,349	60,595,587	36,199,928	132,467,766	102,247,467	39,413,303	501,783,400
Liabilities							
Due to other banks	144,799	73,437	1,387,489	1,780,511	-	2,760,130	6,146,366
Customer deposits	148,250,573	11,591,717	19,118,877	1,036,113	-	47,853,705	227,850,985
Repurchase agreements	40,348,801	40,080,870	12,665,487	6,248,189	-	660,661	100,004,008
Obligations under securitisation arrangements	-	-	-	14,171,437	29,675,175	445,452	44,292,064
Other borrowed funds	2,621,270	313,869	686,537	4,384,362	565,622	23,653	8,595,313
Liabilities under annuity and insurance contracts	22,917,034	131,535	655,563	-	-	10,985,142	34,689,274
Other	-	-	-	-	-	6,344,453	6,344,453
Total financial liabilities	214,282,477	52,191,428	34,513,953	27,620,612	30,240,797	69,073,196	427,922,463
On balance sheet interest sensitivity gap	(83,423,128)	8,404,159	1,685,975	104,847,154	72,006,670	(29,659,893)	73,860,937
Cumulative interest sensitivity gap	(83,423,128)	(75,018,969)	(73,332,994)	31,514,160	103,520,830	73,860,937	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	11,421,101	-	-	-	-	18,374,014	29,795,115
Due from other banks	12,776,727	4,539,750	1,244,657	180,042	-	3,051,388	21,792,564
Investment securities at fair value through profit or loss	-	-	22,383	72,768	280,569	147,673	523,393
Reverse repurchase agreements	125,943	219,394	1,263,035	-	-	13,426	1,621,798
Loans and advances net of provision for credit losses	63,704,601	26,048,826	4,326,029	42,187,092	17,322,054	4,041,398	157,630,000
Investment securities classified as available-for-sale and loans and receivables	54,859,984	34,461,142	22,074,153	99,763,728	47,800,146	4,688,211	263,647,364
Other	-	-	-	-	-	5,900,167	5,900,167
Total financial assets	142,888,356	65,269,112	28,930,257	142,203,630	65,402,769	36,216,277	480,910,401
Liabilities							
Due to other banks	505,067	888,960	742,681	1,867,942	-	2,331,924	6,336,574
Customer deposits	130,130,119	11,708,548	21,683,144	981,005	1,769	37,657,807	202,162,392
Repurchase agreements	43,801,009	41,285,132	46,208,974	2,282,220	32,729	1,080,562	134,690,626
Obligations under securitisation arrangements	-	13,844,560	-	-	-	41,017	13,885,577
Other borrowed funds	2,571,391	444,654	4,550,425	3,320,552	1,061,288	44,509	11,992,819
Liabilities under annuity and insurance contracts	30,598,110	-	-	-	-	3,632,800	34,230,910
Other	-	-	-	-	-	9,568,429	9,568,429
Total financial liabilities	207,605,696	68,171,854	73,185,224	8,451,719	1,095,786	54,357,048	412,867,327
On balance sheet interest sensitivity gap	(64,717,340)	(2,902,742)	(44,254,967)	133,751,911	64,306,983	(18,140,771)	68,043,074
Cumulative interest sensitivity gap	(64,717,340)	(67,620,082)	(111,875,049)	21,876,862	86,183,845	68,043,074	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**1 to Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
September 30, 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Bank	9,806,646	-	-	-	-	18,897,622	28,704,268
Due from other banks	13,986,400	2,563,308	-	-	-	6,322,833	22,872,541
Derivative financial instruments	-	-	-	-	-	433,989	433,989
Reverse repurchase agreements	2,601,504	-	39	-	-	-	2,601,543
Loans and advances net of provision for credit losses	61,368,902	27,417,008	10,936,761	45,870,916	14,626,350	2,455,247	162,675,184
Investment securities classified as available-for-sale and loans and receivables	12,522,750	3,527,772	15,423,526	47,919,238	40,675,608	1,538,515	121,607,409
Other	-	-	-	-	-	2,399,562	2,399,562
Total financial assets	100,286,202	33,508,088	26,360,326	93,790,154	55,301,958	32,047,768	341,294,496
Liabilities							
Due to other banks	3,811,517	2,267,167	4,281,217	1,780,511	-	2,760,130	14,900,542
Customer deposits	143,510,023	9,141,785	13,717,061	360,648	-	47,719,018	214,448,535
Repurchase agreements	8,861,993	1,395,073	3,108,006	6,245,035	-	174,838	19,784,945
Obligations under securitisation arrangements	-	-	-	14,171,437	29,675,175	445,452	44,292,064
Other borrowed funds	22,707	209,257	633,222	3,469,355	565,622	-	4,900,163
Other	-	-	-	-	-	3,847,486	3,847,486
Total financial liabilities	156,206,240	13,013,282	21,739,506	26,026,986	30,240,797	54,946,924	302,173,735
On balance sheet interest sensitivity gap	(55,920,038)	20,494,806	4,620,820	67,763,168	25,061,161	(22,899,156)	39,120,761
Cumulative interest sensitivity gap	(55,920,038)	(35,425,232)	(30,804,412)	36,958,758	62,019,917	39,120,761	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Bank	11,411,526	-	-	-	-	18,272,622	29,684,148
Due from other banks	14,085,902	3,051,228	-	-	-	3,296,758	20,433,888
Reverse repurchase agreements	40,000	-	1,416,032	-	-	15,294	1,471,326
Loans and advances net of provision for credit losses	63,660,215	26,043,098	3,920,235	41,820,968	16,804,956	4,086,396	156,335,868
Investment securities classified as available-for-sale and loans and receivables	15,602,639	4,772,382	7,314,591	66,959,104	19,604,670	2,212,442	116,465,828
Other	-	-	-	-	-	4,772,580	4,772,580
Total financial assets	104,800,282	33,866,708	12,650,858	108,780,072	36,409,626	32,656,092	329,163,638
Liabilities							
Due to other banks	1,464,586	2,068,948	4,561,756	1,867,942	-	2,667,058	12,630,290
Customer deposits	133,725,836	10,162,733	17,099,539	209,576	-	37,518,139	198,715,823
Repurchase agreements	10,935,113	4,799,776	31,741,244	2,250,536	-	420,070	50,146,739
Obligations under securitisation arrangements	-	13,844,560	-	-	-	41,017	13,885,577
Other borrowed funds	34,225	258,036	3,899,811	2,965,916	1,061,288	16,454	8,235,730
Other	-	-	-	-	-	7,321,509	7,321,509
Total financial liabilities	146,159,760	31,134,053	57,302,350	7,293,970	1,061,288	47,984,247	290,935,668
On balance sheet interest sensitivity gap	(41,359,478)	2,732,655	(44,651,492)	101,486,102	35,348,338	(15,328,155)	38,227,970
Cumulative interest sensitivity gap	(41,359,478)	(38,626,823)	(83,278,315)	18,201,787	53,556,125	38,227,970	

(expressed in Jamaican dollars unless otherwise indicated)

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group				The Bank			
	$	**US$**	**CAN$**	**GBP**	**$**	**US$**	**CAN$**	**GBP**
	%	**%**	**%**	**%**	**%**	**%**	**%**	**%**
September 30, 2015								
Assets								
Balances at Central Banks	0.2	0.01	0.4	-	0.2	0.01	0.4	-
Due from other banks	4.2	0.02	0.9	0.2	4.2	0.02	0.9	0.2
Investment securities at fair value through profit or loss	12.8	7.02	-	-	-	-	-	-
Reverse repurchase agreements	6.5	2.0	-	-	6.0	3.5	-	-
Loans and advances	15.5	7.4	-	-	15.5	7.4	-	-
Investment securities classified as available-for-sale and loans and receivables	7.3	5.9	-	4.2	7.2	6.6	-	6.8
Liabilities								
Due to other banks	4.9	3.9	0.3	0.5	4.9	3.9	0.3	0.5
Customer deposits	1.2	1.7	0.3	0.4	1.2	1.7	0.3	0.4
Repurchase agreements	7.5	4.6	0.3	0.8	7.5	4.6	0.3	0.8
Obligations under securitisation arrangements	-	6.6	-	-		6.6		
Other borrowed funds	7.2	4.6	-	-	7.2	4.6		
September 30, 2014								
Assets								
Balances at Central Banks	0.3	0.01	0.4	-	0.3	0.01	0.4	-
Due from other banks	6.3	2.4	0.8	0.3	6.3	2.4	0.8	0.3
Investment securities at fair value through profit or loss	-	6.5	-	-	-	-	-	-
Reverse repurchase agreements	7.5	3.5	-	-	6.9	4.1	-	-
Loans and advances	15.8	7.2	-	-	15.8	7.2	-	-
Investment securities classified as available-for-sale and loans and receivables	7.9	5.4	-	10.1	7.6	7.3	-	10.1
Liabilities								
Due to other banks	7.8	4.2	1.4	1.7	7.8	4.2	1.4	1.7
Customer deposits	1.6	1.7	0.3	0.4	1.6	1.7	0.3	0.4
Repurchase agreements	7.2	3.5	1.1	1.5	7.5	4.9	-	-
Obligations under securitisation arrangements	-	7.0	-	-	-	7.0	-	-
Other borrowed funds	5.8	6.3	-	-	7.7	4.4	-	-

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Change in basis points:				
Decrease - JMD -150 and USD -50	(526,677)	2,221,464	(475,006)	1,239,875
Increase - JMD +100 and USD +100	375,807	(2,909,161)	1,209,954	(3,675,092)

	The Bank			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Change in basis points:				
Decrease - JMD -150 and USD -50	(159,785)	1,181,220	(89,145)	683,835
Increase - JMD +100 and USD +100	106,523	(1,538,880)	222,862	(1,936,521)

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of other entities that are publicly traded on the Jamaica Stock Exchange.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as available-for-sale. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Percentage change in share price				
10% decrease	(20,395)	(62,085)	(11,433)	(81,866)
10% increase	20,395	62,085	11,433	81,866

	The Bank			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2015	2015	2014	2014
	$'000	$'000	$'000	$'000
Percentage change in share price				
10% decrease	-	(10,369)	-	(38,865)
10% increase	-	10,369	-	38,865

46. Financial Risk Management (Continued)

(d) Derivative financial instruments

The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

(e) Insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk

The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a twofold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

	Total Benefits Assured - Individual			
	2015		2014	
	$'000 Contracts with Investment Options	$'000 Contracts without Investment Options	$'000 Contracts with Investment Options	$'000 Contracts without Investment Options
Benefits assured per life assured ($'000)				
0 – 1,000	14,207,160	3,655,035	13,575,374	2,623,405
1,000 – 2,000	3,913,740	11,751,073	3,802,735	8,887,048
2,000 – 5,000	5,006,059	8,783,503	4,911,474	5,946,703
5,000 – 10,000	3,256,607	-	2,929,325	-
Over 10,000	3,826,638	-	3,769,785	-
	30,210,204	24,189,611	28,988,693	17,457,156

	Total Benefits Assured - Group			
	2015		2014	
	$'000 Before Re-insurance	$'000 After Re-insurance	$'000 Before Re-insurance	$'000 After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	15,678,860	15,678,470	15,557,713	15,557,030
1,000 – 2,000	12,576,523	12,571,475	12,080,916	12,078,730
2,000 – 5,000	14,779,023	14,630,525	16,329,026	16,181,778
5,000 – 10,000	13,818,252	10,524,162	13,821,887	10,080,728
Over 10,000	12,926,614	4,467,478	9,977,779	3,270,844
	69,779,272	57,872,110	67,767,321	57,169,110

The Group uses catastrophe re-insurance cover against its Ordinary Life, Group Life and Creditor Life contracts as the main risks faced by these contracts are interest rate and liquidity.

- The premium ceded during the year in respect of catastrophe re-insurance cover amounted to $24,566,000 (2014 – $25,926,000). Premium income recognised in the income statement is shown net of these amounts.
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $25,010,000 (2014 – $6,042,000).
- At September 30, 2015, premiums payable under re-insurance contracts amounted to $2,044,000 (2014 – $1,663,000).
- At September 30, 2015, there were no amounts receivable from reinsurers in respect of policyholders' benefits (2014 – $Nil).

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

The following table for annuity contracts illustrates the concentration of risk in relation to the amount payable as if the annuity were in payment at the year end:

	Total Annuities Payable	
	2015	**2014**
	$'000	**$'000**
Annuity payable per annum per annuitant ($'000)		
0 -100	36,630	32,488
100 – 300	89,790	75,727
300 – 500	105,702	90,594
500 – 1,000	176,180	150,968
Over 1,000	740,002	636,773
	1,148,304	986,550

The Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuary, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

Process used in deriving assumptions

The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:

(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and

(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. See Note 35 for details on policy assumptions.

Reinsurance risk

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The current reinsurer is Swiss Re (registered in Canada) whose financial strength rating from Standard & Poor's is AA- (at June 2015) and from AM Best A+ (at January 2015).

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit, the limits of coverage accepted by the Group under these contracts falls into two main categories with limits of $2,000,000 and $5,000,000 per life, coverage in excess of these limits is ceded to reinsurers.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through policies which provide guidance on how to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain "A" rating, in keeping with the company's Board approved Reinsurance Risk Management Policy.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Motor insurance

Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

The risks relating to motor contracts are managed primarily through the pricing and selection process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property insurance

Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance

Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the company makes assumptions that costs will increase in line with the latest available research.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk

The following table shows the Group's exposure to Property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	2015				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross	108,303	1,881	4,983,287	786	5,094,257
Net of proportional reinsurance	107,388	1,866	4,941,199	779	5,051,232
	2014				
Gross	116,835	38,521	4,928,125	1,678	5,085,159
Net of proportional reinsurance	114,548	37,767	4,831,652	1,646	4,985,613

Claims development

Claims development information is disclosed in order to illustrate the property and casualty insurance risk inherent in the Group. The upper section of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower section of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

	2010	2011	2012	2013	2014	2015	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of cumulative claims at end of financial year							
One year later	2,236,996	2,077,084	1,951,568	2,170,646	2,208,371	1,774,537	
Two years later	2,258,643	2,023,825	2,018,656	2,316,690	2,162,612		
Three years later	2,400,597	2,404,734	2,211,216	2,304,783			
Four years later	2,574,326	2,542,644	2,325,720				
Five years later	2,647,397	2,649,596					
Estimate of cumulative claims	2,702,468	2,649,596	2,325,720	2,304,783	2,162,612	1,774,537	13,919,716
Cumulative payments to date	2,455,637	2,291,442	1,840,170	1,589,286	1,097,138	352,119	9,625,792
Net outstanding claims liability	246,831	358,154	485,550	715,497	1,065,474	1,422,418	4,293,924
Prior years' claims liability							358,860
Provision for adverse deviations							233,898
Provision for Unallocated Loss Adjustment Expenses							164,550
Final net claims liability							5,051,232

46. Financial Risk Management (Continued)

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

All of the Group's significant subsidiaries and associates are individually regulated by the Financial Services Commission (FSC) or other regulators. The regulatory requirements to which the subsidiaries are subject, include minimum capital and liquidity requirements which may limit the Bank's ability to extract capital or funds for other uses. The Group's subsidiaries and associates are also subject to statutory requirements not to make distributions of capital and generally to maintain solvency. In most cases, the regulatory restrictions are more onerous than the statutory restrictions. Certain Group subsidiaries also raise finance using their financial assets as collateral. Encumbered assets are not available for transfer around the Group. The assets typically affected are disclosed in Note 24.

(i) The Bank

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Central Bank, and the relevant management committees. The required information is filed with the respective Authority at the stipulated intervals.

The Central Bank requires the Bank to:

- Hold a specified level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and net unrealised loss positions arising from fair value accounting are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on fair valuation of instruments held as available-for-sale.

Investments and share of accumulated losses in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank met all the regulatory capital requirements as at September 30, 2015.

46. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Company Limited

The company maintains a capital structure consisting mainly of shareholders' funds consistent with the company's profile and the regulatory and market requirements. The company is subject to a number of regulatory capital tests and also employs scenario testing on an annual basis to assess the adequacy of capital. The company has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency is measured using the regulations prescribed by the FSC. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the company.

The relevant capital requirement is the Minimum Continuing Capital Surplus Ratio (MCCSR) determined in accordance with the FSC regulations. This ratio is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. The company met all FSC regulatory capital requirements as at September 30, 2015.

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's financial position and financial condition in different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

46. Financial Risk Management (Continued)

(f) Capital management (continued)

(iii) Advantage General Insurance Company Limited

The company is regulated by the FSC and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the primary measure used to assess capital adequacy is the Minimum Capital Test (MCT). This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. As at September 30, 2015, the company was in compliance with the requirement set by the FSC.

(iv) NCB Capital Markets Limited

The company is regulated by the Financial Services Commission (FSC) and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements the company is able to offer to clients. In addition to the requirements of the FSC, the company also engages in periodic internal testing which is reviewed by the Risk and Compliance Unit. Capital adequacy is managed at the operational level of the company.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as available for sale.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to test capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are ‘Capital over Total Assets’ and the ‘Capital Base over Risk Weighted Assets (RWA)’.

There was no change in relation to how the company manages its capital during the financial year.

The company met all the FSC regulatory capital requirements as at September 30, 2015.

47. Fair Values of Financial Instruments

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted market prices included within level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise most equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper, most liquid corporate bonds and certain equity securities that are quoted on the Jamaica Stock Exchange. Indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer. The Group's derivatives are also included in Level 2. The embedded put option is valued using a discounted cash flow model representing the difference between the present values of future cash flows with and without exercise of the put option using observable market yields for government bonds of similar tenor. Foreign currency forward contracts are valued using a discounted cash flow model using spot exchange rates and the observable risk-free interest rates between the two currencies. Equity-linked options are valued using standard option pricing models using observable market data from Bloomberg.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes certain unquoted equity securities.

The valuation of unquoted equity instruments is subjective by nature. The determination of the fair values of unquoted equity securities requires the use of a number of individual pricing benchmarks which would involve unobservable inputs, such as earnings estimates, multiples of comparative companies, marketability discounts and discount rates. The Group's holdings of unquoted equity instruments are not significant and, therefore, the effects of using reasonably possible alternative valuation assumptions would not be material.

47. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are classified in the fair value hierarchy into which the fair value measurement is categorised:

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At September 30, 2015				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	203,585,941	-	203,585,941
Government of Jamaica guaranteed corporate bonds	-	2,770,895	-	2,770,895
Other corporate bonds	-	8,602,279	-	8,602,279
Foreign government debt securities	-	2,331,787	-	2,331,787
Quoted equity securities	203,156	-	-	203,156
Unquoted equity securities	-	-	61,188	61,188
Unit trust investments	-	285,619	-	285,619
	203,156	217,576,521	61,188	217,840,865
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	467,741	-	467,741
Government of Jamaica guaranteed corporate bonds	-	14,606	-	14,606
Other corporate bonds	-	146,546	-	146,546
Foreign government debt securities	-	81,039	-	81,039
Quoted equity securities	221,503	-	-	221,503
	221,503	709,932	-	931,435
Derivative financial instruments	-	486,783	-	486,783
	424,659	218,773,236	61,188	219,259,083
Financial liabilities				
Derivative financial instruments	-	52,794	-	52,794
Liabilities under annuity and insurance contracts	-	-	34,689,274	34,689,274
	-	52,794	34,689,274	34,742,068

47. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2014				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	196,510,071	-	196,510,071
Government of Jamaica guaranteed corporate bonds	-	7,023,356	-	7,023,356
Other corporate bonds	-	7,851,319	-	7,851,319
Foreign government debt securities	-	4,372,082	-	4,372,082
Quoted equity securities	703,158	-	-	703,158
Unquoted equity securities	-	-	53,077	53,077
Unit trust investments	-	174,342	-	174,342
	703,158	215,931,170	53,077	216,687,405
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	231,305	-	231,305
Government of Jamaica guaranteed corporate bonds	-	19,228	-	19,228
Other corporate bonds	-	47,112	-	47,112
Foreign government debt securities	-	78,076	-	78,076
Quoted equity securities	142,020	-	-	142,020
	142,020	375,721	-	517,741
Derivative financial instruments	-	581,668	-	581,668
	845,177	216,888,559	53,077	217,786,813
Financial liabilities				
Derivative financial instruments	-	52,660	-	52,660
Liabilities under annuity and insurance contracts	-	-	34,230,910	34,230,910
	-	52,660	34,230,910	34,283,570

The movement in the Group's financial assets classified as Level 3 during the year is as follows:

	The Group	
	2015 $'000	2014 $'000
At start of year	53,077	137,498
Acquisitions	8,111	5,579
Equities transferred to investment in associates	-	(90,000)
At end of year	61,188	53,077

The movement in liabilities under annuity and insurance contracts is disclosed in Note 35.

47. Fair Values of Financial Instruments (Continued)

	The Bank			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2015				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	89,271,681	-	89,271,681
Government of Jamaica guaranteed corporate bonds	-	1,347,444	-	1,347,444
Other corporate bonds	-	3,144,567	-	3,144,567
Foreign government debt securities	-	-	-	-
Quoted equity securities	85,436	-	-	85,436
Unquoted equity securities	-	-	18,255	18,255
	85,436	93,763,692	18,255	93,867,383
Derivative financial instruments	-	433,989	-	433,989
	85,436	94,197,681	18,255	94,301,372
September 30, 2014				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	95,747,802	-	95,747,802
Government of Jamaica guaranteed corporate bonds	-	338,384	-	338,384
Other corporate bonds	-	2,710,034	-	2,710,034
Foreign government debt securities	-	1,551,089	-	1,551,089
Quoted equity securities	370,399	-	-	370,399
Unquoted equity securities	-	-	18,255	18,255
	370,399	100,347,309	18,255	100,735,963
Derivative financial instruments	-	529,008	-	529,008
	370,399	100,876,317	18,255	101,264,971

There was no movement in the Bank's financial assets classified as Level 3 during.

47. Fair Values of Financial Instruments (Continued)

The carrying value (excluding accrued interest) (Note 23) and fair value of investment securities classified as loans and receivables are as follows:

	The Group		The Bank	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
At September 30, 2015	53,541,421	53,458,852	26,201,511	26,197,086
At September 30, 2014	43,099,991	44,056,449	14,182,832	14,619,348

Similar to debt securities classified as available-for-sale, the above fair value measurements fall within Level 2 of the fair value hierarchy as indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer.

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

48. Acquisition of Subsidiary

NCB Global Finance Limited (formerly AIC Finance Limited)

On December 12, 2013, through its shareholding in NCB Capital Markets Limited, the Group acquired 100% of the 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 the Bank.

The acquired business contributed revenues of $133,834,000 and profits of $2,959,000 for the year ended September 30, 2014. Had the company been acquired at the beginning of the year, it would have contributed revenues of approximately $155,368,000 and loss of approximately $637,000 to the Group for the year ended September 30, 2014.

Details of the net assets acquired, purchase consideration and negative goodwill were as follows:

	Fair Values $'000
Net assets arising on the acquisition:	
Cash	95,837
Due from other banks	720,854
Reverse repurchase agreements	12,902
Loans and advances, net of provision for credit losses	369,833
Investment securities classified as available-for-sale an 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)
	549,088

	$'000
Purchase consideration - Cash	(247,647)
Net assets acquired	549,088
Negative goodwill	301,441
Cash paid	(247,647)
Cash equivalents included in net assets acquired (cash and due from other banks)	816,691
Net cash inflow on acquisition	569,044

49. Regulatory Matters

At September 30, 2015, one of the subsidiaries within the Group was in breach of a regulatory concentration limit arising from cash holdings with the Bank pending purchases of investment securities. The investments were purchased and the breach was rectified in October 2015.

50. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At September 30, 2015, the Group had financial assets under administration of approximately $53,224,372,663 (2014 – $51,810,051,000).

51. Dividends

The following dividends were paid during the year:
- $0.96 per ordinary stock unit was paid in December 2014
- $0.45 per ordinary stock unit was paid in February 2015
- $0.45 per ordinary stock unit was paid in May 2015
- $0.45 per ordinary stock unit was paid in August 2015

On November 12, 2015, the Board declared a final interim dividend in respect of 2015 of $0.85 per ordinary stock unit. The dividend is payable on December 11, 2015 for stockholders on record as at November 27, 2015. The financial statements for the year ended September 30, 2015 do not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the year ending September 30, 2016.

52. Litigation and Contingent Liabilities

The Bank and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by the Bank's Staff Association against the Bank seeking various declarations regarding the Bank's profit sharing scheme, in particular as it relates to the financial year ended September 30, 2002. The Association has not quantified the claim. No provision has been made in the financial statements as the Bank's attorneys are of the opinion that the claim in respect of the amount of the profit sharing scheme for the financial year ended September 30, 2002 against the Bank is unlikely to succeed.

(b) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision was made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed. The Court subsequently ordered that the customer's claim be struck out. The customer has appealed that decision.

52. Litigation and Contingent Liabilities (Continued)

(c) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's alleged negligence in relation to the sale of property. The proper value of the property, which had been owned by the customer, is in issue, along with the amount properly to be applied to the customer's loan balance. Based on the advice of the Bank's attorneys, a provision has been made in the financial statements in respect of this claim. The Court has not yet delivered its judgment.

(d) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and manager of the customer's business property and assets. Damages, interest and costs have been claimed against the Bank. The Bank's attorneys are unable to determine the outcome of the suit and no provision has been made in the financial statements.

(e) Suit was filed by a claimant seeking specific performance, damages for breach of contract, interest and costs. At the time of trial, the claim against the Bank was quantified by the claimant at approximately $31.4 billion plus interest and costs. No provision was made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed. The Supreme Court issued judgment in the Bank's favour, with the Court ordering a company (placed by the Bank into receivership) to pay the claimant $5 million plus interest. The claimant has appealed and the defendants (including the Bank) have cross-appealed that portion of the judgment in which the company in receivership was ordered to pay the claimant $5 million plus interest.

(f) A number of other suits claiming damages in excess of $5 million each have been filed by customers of the Bank. In some instances counter claims have been filed by the Bank. Provision has been made in the financial statements for certain of these claims. No provision has been made where the Bank's attorneys are of the view that the Bank has a good defense against these claims.

53. Restatement

Effective October 1, 2014, the Group adopted IFRIC 21 retrospectively in accordance with the provisions set out in the standard.

The effect of adoption on the consolidated and Bank statement of financial position as at September 2013 and 2014, and the income statement and statement of comprehensive income for the year ended September 30, 2014 are shown in the tables below. There was no effect on the statement of cash flows.

In addition, the Group reclassified certain items mainly relating to deferred tax on post-employment benefit obligations to retained earnings from fair value reserves as at September 30, 2014. The effect of the reclassification on the consolidated statement of financial position is shown below.

Effect on the consolidated statement of financial position as at September 30, 2014:

	As previously stated	Effect of IFRIC 21	Effect of reserve reclassification	As restated
	$'000	$'000	$'000	$'000
Other liabilities	9,373,059	(1,232,631)	-	8,140,428
Total liabilities	418,731,340	(1,232,631)	-	417,498,709
Fair value and capital reserves	2,407,267	-	163,738	2,571,005
Retained earnings	40,425,607	1,232,631	(163,738)	41,494,500
Total Equity and Liabilities	499,345,092	-	-	499,345,092

53. Restatement (Continued)

Effect on the consolidated income statement and statement of comprehensive income for the year ended September 30, 2014:

	As previously stated	Effect of IFRIC 21	As restated
	$'000	$'000	$'000
Operating income	43,253,649	-	43,253,649
Other operating expenses	10,425,940	(685,047)	9,740,893
Operating expenses	30,021,989	(685,047)	29,336,942
Operating Profit	13,231,660	685,047	13,916,707
Negative goodwill on acquisition of subsidiary	301,441	-	301,441
Share of profit of associates	902,696	-	902,696
Gain on disposal of investment in associate	349,042	-	349,042
Profit before Taxation	14,784,839	685,047	15,469,886
Taxation	(3,142,766)	-	(3,142,766)
Net Profit	11,642,073	685,047	12,327,120
Other comprehensive income	(92,025)	-	(92,025)
Total Comprehensive Income	11,550,048	685,047	12,235,095
Earnings per stock unit ($)	4.73	0.28	5.01

Effect on the consolidated statement of financial position as at September 30, 2013:

	As previously stated	Effect of IFRIC 21	As restated
	$'000	$'000	$'000
Other liabilities	6,778,092	(547,584)	6,230,508
Total liabilities	374,605,919	(547,584)	374,058,335
Retained earnings	33,311,585	547,584	33,859,169
Total Equity and Liabilities	446,575,055	-	446,575,055

53. Restatement (Continued)

Effect on the Bank's statement of financial position as at September 30, 2014:

	As previously stated $'000	Effect of IFRIC 21 $'000	As restated $'000
Other liabilities	7,739,326	(735,591)	7,003,735
Total liabilities	296,999,822	(735,591)	296,264,231
Retained earnings	7,609,390	735,591	8,344,981
Total Equity and Liabilities	342,558,739	-	342,558,739

Effect on the Bank's statement of comprehensive income for the year ended September 30, 2014:

	As previously stated $'000	Effect of IFRIC 21 $'000	As restated $'000
Operating income	28,634,102	-	28,634,102
Other operating expenses	8,376,294	(370,006)	8,006,288
Operating expenses	21,220,899	(370,006)	20,850,893
Operating profit	7,413,203	370,006	7,783,209
Gain on disposal of investment in associate	1,796,456	-	1,796,456
Profit before Taxation	9,209,659	370,006	9,579,665
Taxation	(1,361,327)	-	(1,361,327)
Net Profit	7,848,332	370,006	8,218,338
Other comprehensive income	42,257	-	42,257
Total Comprehensive Income	7,890,589	370,006	8,260,595

53. Restatement (Continued)

Effect on the Bank's statement of financial position as at September 30, 2013:

	As previously stated	Effect of IFRIC 21	As restated
	$'000	$'000	$'000
Other liabilities	5,500,609	(365,585)	5,135,024
Total liabilities	254,759,451	(365,585)	254,393,866
Retained earnings	4,496,097	365,585	4,861,682
Total Equity and Liabilities	295,338,559	-	295,338,559

Shareholdings

10 LARGEST SHAREHOLDERS
as at September 30, 2015

	Units	Percentage Ownership
AIC (Barbados) Limited	1,278,304,844	51.82%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	69,867,484	2.83%
NCB Insurance Co. Ltd. WT 109	62,989,156	2.55%
Ideal Portfolio Services Co. Limited	55,400,975	2.25%
AIC Global Holdings Inc.	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	26,474,981	1.07%
Beta SPV Ltd	21,000,000	0.85%
Capil's & Company Limited	19,144,961	0.78%

SHAREHOLDINGS OF DIRECTORS
as at September 30, 2015

	Total	Direct	Connected Parties**
Robert Almeida	**158,442**	158,442	
Wayne Chen	**1,317,335,749**	14,044	1,317,321,705
Dennis Cohen *	**73,039,457**	86,480	72,952,977
Sandra Glasgow *	**73,025,026**	75,049	72,949,977
Sanya Goffe	**4,340**	4,340	-
Hon. Noel Hylton, OJ, CD	**354,074**	14,044	340,030
Patrick Hylton, CD	**930,902**	930,902	-
Hon. Michael Lee-Chin, OJ	**1,617,971,638**	2,192,250	1,615,779,388
Thalia Lyn, OD *	**73,118,509**	153,412	72,965,097
Oliver Mitchell	**-**	-	-
Prof. Alvin Wint, CD	**88,144**	88,144	-
Dave Garcia (Company Secretary)	**11,210**	11,210	-

SHAREHOLDINGS OF LEADERSHIP TEAM
as at September 30, 2015

	Total	Direct	Connected Parties**
Rickert Allen	**113,696**	113,696	-
Septimus Blake	**10,050**	10,050	-
Brian Boothe	**-**	-	-
Dennis Cohen *	**73,039,457**	86,480	72,952,977
Dave Garcia	**11,210**	11,210	-
Steven Gooden	**4,293**	4,293	-
Howard Gordon	**-**	-	-
Patrick Hylton, CD	**930,902**	930,902	-
Vernon James	**-**	-	-
Nadeen Matthews	**10,000**	10,000	-
Mark Thompson	**-**	-	-
Audrey Tugwell Henry	**17,540**	16,640	900
Mukisa Wilson Ricketts	**-**	-	-
Allison Wynter *	**75,050,766**	100,789	72,949,977

*Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter includes shares of 72,949,977 held by trustees of the N.C.B. Staff Pension Fund.

**Indicates shares held by persons connected to the individual.

Corporate Directory

CORPORATE BANKING DIVISION

General Manager	Brian Boothe
Assistant General Manager	Winston Lawson
Assistant General Manager	Andrew Simpson

GROUP RISK MANAGEMENT DIVISION

General Manager	Allison Wynter

GROUP FINANCIAL CONTROL DIVISION

Senior Assistant General Manager	Andre Ho Lung
Assistant General Manager	Malcolm Sadler
Finance Manager	Lilieth Hamilton-Bailey

GROUP HUMAN RESOURCES AND FACILITIES DIVISION

Senior General Manager	Rickert Allen
Assistant General Manager	Euton Cummings
HR Relationship Manager	Sandra Grey
Food Services Manager	Judith Grossett
Manager, eLearning	Althea Bailey
Manager, Talent Management	Nicole Downie
Manager, Planning, Performance & Special Projects	Stacey Hamilton
Security, Safety & Environmental Manager	Glenroy Findlay
Quantity Surveyor	Shevene Logan
Reliability Engineer	Andrew Anderson

GROUP MANAGING DIRECTOR'S OFFICE

Group Managing Director	Patrick Hylton
Group Finance & Deputy Managing Director	Dennis Cohen
Senior Assistant General Manager – Strategy & Transformation	Janelle Prevost
Assistant General Manager –Mergers & Acquisition	Damian Duncan
AGM – Group Investor Relations, Performance Monitoring & Planning	Lennox Channer
Analyst, Group Investor Relations, Performance Monitoring & Planning	Jacqueline DeLisser

GROUP OPERATIONS AND TECHNOLOGY DIVISION

Senior General Manager	Howard Gordon
Assistant General Manager, IT Infrastructure & Operations	Ramon Lewis
Assistant General Manager, Centralized Operations	Alison Lynn
Assistant General Manager, Network Operations	Anne McMorris-Cover
Manager, IT Governance & Compliance	Cecil Williams

GROUP INTERNAL AUDIT DIVISION

Chief Internal Auditor	Mukisa Ricketts
Internal Audit Manager	Allan Holmes
Internal Audit Manager	Amoy Parchment Graham

GROUP LEGAL & COMPLIANCE DIVISION

General Manager & Company Secretary	Dave Garcia
Senior Compliance Manager	Fiona Briscoe
Compliance Manager	Patricia Tennant
Legal Counsel, Compliance Manager and Assistant Company Secretary	Misheca Seymour Senior
Legal Counsel	Janelle Muschette Leiba
Legal Counsel	Nicola Whyms-Stone
Legal Counsel	Tricia-Gaye O'Connor
Legal Counsel	Samantha Bigby
Legal Counsel	Corrine Henry

GROUP MARKETING & COMMUNICATIONS UNIT

Chief Digital & Marketing Officer and Chief Executive Officer N.C.B Foundation	Nadeen Matthews
Manager, Group Corporate Communications	Belinda Williams
Manager, Group Marketing	Nichole Brackett-Walters

RETAIL BANKING DIVISION

Senior General Manager	Audrey Tugwell Henry
Senior Assistant General Manager, Business District 2	Norman Reid
Senior Assistant General Manager, Business District 3	Loren Edwards
Acting Senior Assistant General Manager, Business District 1	Marva Peynado
Assistant General Manager, Retail Banking	Marcia Reid-Grant
Assistant General Manager, Retail Banking	Robert Brooks
Assistant General Manager, Retail Banking	Stuart Reid
Service Quality Manager, Retail Banking	Sharon Williams

TREASURY & CORRESPONDENT BANKING DIVISION & PAYMENT SERVICES

Senior General Manager	Septimus (Bob) Blake
Senior Assistant General Manager	Tanya Watson Francis
Assistant General Manager	Peter Higgins
Senior Business Analyst	Youlan Laidlaw
Financial Institutions Relationship Manager	Karen Watson
Assistant General Manager, Payment Services	Claudette Rodriguez
Product & Portfolio Manager - Card Acquiring, Payment Services	Kirk Prendergast
Product & Portfolio Manager - Card Issuing, Payment Services	Michelle Thomas
Senior Financial Analyst, Payment Services	Eric Reittie

Branch Directory

All Branches: 929-4NCB

Customer Care Toll Free: 1-888-NCB-FIRST

United States, Canada and the English Speaking Caribbean 1-866-622-3477

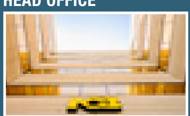
United Kingdom 0-800-032-2973

MARVA PEYNADO
Acting Senior Assistant General Manager
Business District 1

NORMAN REID
Senior Assistant General Manager
Business District 2

LOREN EDWARDS
Senior Assistant General Manager
Business District 3

HEAD OFFICE



The Atrium

32 Trafalgar Road
Kingston 10
St. Andrew
929-9050

ANNOTTO BAY

Dorothy Foote
Relationship Manager

Main Street
Annotto Bay
St. Mary

Service Quality Mgr.
- Nordia Edwards

BLACK RIVER

Maxine Brown-Cowan
Manager

Chambers Plaza
1 Brigade Street
Black River
St. Elizabeth

Service Quality Mgr.
- Mary-Ann Singh

BROWN'S TOWN

Shelly Ann Allen
Relationship Manager

17 Main Street
Brown's Town
St. Ann

Service Quality Mgr.
- Aldene Earle-McKenzie

CHAPELTON

Bashevis Pryce
Relationship Manager

40 Main Street
Chapelton
Clarendon

Service Quality Mgr.
- Annette Spencer

CHRISTIANA

Earl Leakey
Manager

Main Street
Christiana
Manchester

Service Quality Mgr.
- Lindon Ramsay

CONSTANT SPRING

Lloyd Richardson
Manager

124-126
Constant Spring Road
St. Andrew

Service Quality Mgr.
- Charmaine Oudith

CROSS ROADS

Glen Shields
Manager

90-94 Slipe Road
Kingston 5
St. Andrew

Service Quality Mgr.
- Jacqueline Murray

DUKE STREET

Garfield Palmer
Manager (Acting)

37 Duke Street
Kingston
St. Andrew

Service Quality Mgr.
- Sharon Tate

FALMOUTH

Brian Baggoo
Manager

2 Water Square
Falmouth
Trelawny

Service Quality Mgr.
- Keron Young

HAGLEY PARK

Patricia Cole
Manager

211 Hagley Park Road
Kingston 11
St. Andrew

Service Quality Mgr.
- Delroy Morris

HALF MOON

Janet Reid
Relationship Manager

Half Moon
Shopping Village
St. James

Service Quality Mgr.
- Nadine Gray

HALF WAY TREE

Maxine McKenzie
Manager

94 Half Way Tree Road
Kingston 10
St. Andrew

Service Quality Mgr.
- Lourine Martin

JUNCTION

Duwayne Wiggan
Relationship Manager

Junction
St. Elizabeth

Service Quality Mgr.
- Tracy Senior

KNUTSFORD BOULEVARD

Donna Clarke
Manager

1-7 Knutsford Boulevard
Kingston 5
St. Andrew

Service Quality Mgr.
- Kevin McDonald

LINSTEAD
Barbara Cohen
Manager

29 King Street
Linstead
St. Catherine

Service Quality Mgr.
- Yvonne Stone

LUCEA
Kelvin Hall
Relationship Manager

Main Street
Lucea
Hanover

Service Quality Mgr.
- Judith Lynch

MANDEVILLE
Stuart Barnes
Manager

6 Perth Road
Mandeville
Manchester

Service Quality Mgr.
- Karlene Harrison

MATILDA'S CORNER
Dave Wilson
Manager

15 Northside Plaza,
Kingston 6
St. Andrew

Service Quality Mgr.
- Ann-Marie Mason

MAY PEN
Laurie Spencer
Manager

41 Main Street
May Pen
Clarendon

Service Quality Mgr.
- Pamela Harris

MORANT BAY
Neil Campbell
Manager

39 Queen Street
Morant Bay
St. Thomas

Service Quality Mgr.
- Paulette Forsythe

NEGRIL
Odel Laing
Manager

Sunshine Village Complex
West End Road
Negril
Westmoreland

Service Quality Mgr.
- Charmaine Harris

OCHO RIOS
Kanhai Skeen
Manager

40 Main Street
Ocho Rios
St. Ann

Service Quality Mgr.
- Peta-Gay Rodney

OLD HARBOUR
Joycelyn Rowe
Manager

Cnr. South & West Street
Old Harbour
St. Catherine

Service Quality Mgr.
- Sherrel Mills (Acting)

OXFORD PLACE
Dean Simpson
Manager

10 Oxford Road
Kingston 5

Service Quality Mgr.
- Elaine Campbell (Relief)

PORTMORE
Karen Young
Manager

Lot 13-14 West Tradeway
Portmore Town Centre
St. Catherine

Service Quality Mgr.
- Lesbia Gayle

PORT ANTONIO
Ronald Palmer
Relationship Manager

1 Gideon Avenue
Port Antonio
Portland

Service Quality Mgr.
- Roxanne Lammie-Thompson

PORT MARIA
Leon Drysdale
Relationship Manager

8 Main Street
Port Maria
St. Mary

Service Quality Mgr.
- Andrew Walters

PRIVATE BANKING
Audrey McIntosh
Manager

124-126
Constant Spring Road
St. Andrew

Service Quality Mgr.
- Lorna Jaddoo

SANTA CRUZ
Conroy Ward
Manager

7 Coke Drive
Santa Cruz
St. Elizabeth

Service Quality Mgr.
- Ann-Marie Pinto

SAVANNA-LA-MAR
Kevin Walker
Manager

68 Great George Street
Savanna-La-Mar
Westmoreland

Service Quality Mgr.
- Joan Graveney-Grizzle

ST. ANN'S BAY
Donnovan Reid
Manager

19-21 Main Street
St. Ann's Bay
St. Ann

Service Quality Mgr.
- Denise Wallace

JAGO SHOPPING CENTRE
Xavier Allen
Manager

St. Jago Shopping Centre
Burke Road,
Spanish Town,
St. Catherine

Service Quality Mgr.
- Maxine Johnson

ST. JAMES STREET
Wayne Hunter
Manager

41 St. James Street
Montego Bay
St. James

Service Quality Mgr.
- Andrea Allen-Phillips

UNIVERSITY (UWI)
Dwight Hyde
Manager

Mona Campus
Kingston 7
St. Andrew

Service Quality Mgr.
- Jacqueline Roberts

WASHINGTON BOULEVARD
Desron Graham
Relationship Manager

45 Elma Crescent
Kingston 20
St. Andrew

Service Quality Mgr.
- Roxanne Nugent

WINDWARD ROAD
Anthony Butler
Relationship Manager

89-91 Windward Road
Kingston 2
St. Andrew

Service Quality Mgr.
- Norda Lewis-Harris

NCB Subsidiaries & Foundation

NCB (CAYMAN) LIMITED

Mr Wayne Chen CHAIRMAN
Mr Phillip Harrison MANAGING DIRECTOR
Mr Patrick Hylton
Mr Dennis Cohen
Prof. Alvin Wint
Mr Steven Gooden

COMPANY SECRETARY Misheca Seymour-Senior

NCB CAPITAL MARKETS (CAYMAN) LIMITED
(Subsidiary Of NCB (Cayman) Ltd.)

Mr Wayne Chen CHAIRMAN
Mr Phillip Harrison MANAGING DIRECTOR
Mr Patrick Hylton
Mr Dennis Cohen
Prof. Alvin Wint
Mr Steven Gooden

COMPANY SECRETARY Misheca Seymour-Senior

NCB TRUST COMPANY (CAYMAN) LIMITED
(Subsidiary of NCB (Cayman) Ltd.)
name changed July 2015

Mr Wayne Chen CHAIRMAN
Mr Phillip Harrison MANAGING DIRECTOR
Mr Patrick Hylton
Mr Dennis Cohen
Prof. Alvin Wint

COMPANY SECRETARY Misheca Seymour-Senior

NCB CAPITAL MARKETS (BARBADOS) LIMITED
(Subsidiary Of NCB Capital Markets Limited)
Incorporated May 27, 2015

Mr Patrick Hylton CHAIRMAN
Mr Warrick Ward CEO
Mr Dennis Cohen
Mr Steven Gooden

COMPANY SECRETARY Dave Garcia

DATA-CAP PROCESSING LIMITED

Mr Lennox Channer CHAIRMAN
Mr Rickert Allen
Mr Patrick Hylton

COMPANY SECRETARY Dave Garcia

NCB INSURANCE COMPANY LIMITED

Mr Wayne Chen CHAIRMAN
Mr Vernon James CEO
Mr Patrick Hylton
Mr Milverton Reynolds
Prof. Alvin Wint
Prof. Evan Duggan
Mr Dennis Cohen
Mrs Yvonne Clarke
Miss Hilary B. Reid
Mrs Audrey Tugwell Henry
Mr Vernon James

COMPANY SECRETARY Dave Garcia

WEST INDIES TRUST COMPANY LIMITED

Mr Wayne Chen CHAIRMAN
Mr Patrick Hylton
Mr Dennis Cohen

COMPANY SECRETARY Nicola Whyms-Stone

N.C.B. FOUNDATION

Mrs Thalia Lyn CHAIRMAN
Ms Nadeen Mathews CEO
Mrs Irene Walters
Mr Andrew Pairman
Mr Vernon James
Mr Stuart L. Reid
Mr Kanhai Skeen
Mrs Majorie Seeberan
Ms Melissa Hendrickson
Mr David O. Wilson
Mrs Mariame Mcintosh Robinson

COMPANY SECRETARY Janelle Muschette-Leiba

ADVANTAGE GENERAL INSURANCE COMPANY LIMITED

Mr Dennis Cohen CHAIRMAN
Mr Mark Thompson CEO
Mr Patrick Hylton
Mrs Yvonne Clarke
Mr David Williams
Mr Mark Mcintosh
Miss Karlene Bailey
Mr Rickert Allen
Maj. General Stewart Saunders
Mr Andre Earle

COMPANY SECRETARY Stephanie Neita

NCB GLOBAL FINANCE LIMITED

Mr Patrick Hylton CHAIRMAN
Mr Angus Young CEO
Mr Dennis Cohen
Mr Steven Gooden
Mr Ramon Pitter
Mr George Sheppard
Ms Samantha Gooden

COMPANY SECRETARY Dave Garcia

NCB CAPITAL MARKETS LIMITED

Mr Patrick Hylton CHAIRMAN
Mr Steven Gooden CEO
Prof Alvin Wint
Mr Michael Ammar (Jr.)
Mr Dennis Cohen
Dr. Cecil Batchelor
Miss Shamena Khan
Mrs Yvonne Clarke
Mr Septimus (Bob) Blake
Mr Harry Smith

COMPANY SECRETARY Misheca Seymour-Senior

Notes

Notes

Photography:
William Richards
Paul Mullings

Auditors:
PricewaterhouseCoopers

Printed in Jamaica:
Lithographic Printers Ltd.

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

HEAD OFFICE "The Atrium"
32 Trafalgar Road, Kingston 10
1-888-NCB-FIRST | www.jncb.com | ncbinfo@jncb.com

NCB Capital Markets Limited | NCB Insurance Company Limited
Advantage General Insurance Company Limited | NCB Global Finance Limited
N.C.B. Foundation