

## FIRST QUARTER 2016 EARNINGS RELEASE

January 28, 2016 – The Board of Directors is pleased to release the following financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the three months ended December 31, 2015.

### Financial Results Highlights

For the three months ended December 31, 2015, NCB reported net profit of **\$2.4 billion** or **\$0.97** per stock unit. For this new financial year, our focus will continue to be on our strategic pillars to ensure sustained high performance.

	Three months ended December 31, 2015	Three months ended September 30, 2015	Three months ended December 31, 2014
Net profit (\$'000)	<b>2,395,110</b>	3,747,882	2,133,071
Earnings per stock unit (\$)	<b>\$0.97</b>	\$1.52	\$0.87
Cost to income ratio (%)	<b>72.7%</b>	57.7%	71.4%
Return on average total assets (%)	<b>1.8%</b>	2.9%	1.7%
Return on average stockholders' equity (%)	<b>10.9%</b>	17.1%	10.4%

### Three months ended December 31, 2015 compared with the three months ended December 31, 2014

- Net profit of \$2.4 billion, an increase of \$262 million or 12.3%.
- Earnings per stock unit of \$0.97, increased by 12.3%.
- Cost to income ratio increased to 72.7%, from 71.4%.
- Total assets of \$537.9 billion, grew by 7.6%, or \$37.9 billion.
- Return on average total assets improved to 1.8%, from 1.7%.
- Total stockholders' equity of \$87.7 billion, increased by 7.1%, or \$5.8 billion.
- Return on average stockholders' equity of 10.9%, increased from 10.4%.

- Net loans of \$171.6 billion, grew by \$14.4 billion, or 9.2%.
- Customer deposits of \$241.0 billion, increased by \$35.8 billion, or 17.4%.

### Three months ended December 31, 2015 compared with the three months ended September 30, 2015

- Net profit of \$2.4 billion, a decrease of 36.1%, or \$1.4 billion (December's quarter included asset tax charges of \$1.0 billion).
- Cost to income ratio increased to 72.7%, from 57.7%.
- Return on average total assets of 1.8%, down from 2.9%.
- Return on average stockholders' equity of 10.9%, down from 17.1%.

Our results reflect continued improvement in operating revenue, arising from our focus on sales and service effectiveness, and new processes to enhance the customer experience through our digital agenda. We expect another challenging year however our Team has the skills and ability to manage the likely scenarios and therefore we anticipate a very rewarding year for the organisation and our stakeholders.

## Financial performance

### Operating income

For the three months ended December 31, 2015, operating income increased by 6.0%, or \$718 million, when compared with the three months ended December 31, 2014, mainly as a result of:

- Net interest income increasing by 8.2%, or \$530 million, due to a reduction in interest expenses driven by the decline in the repurchase agreements portfolio.
- Premium income growing by \$511 million, or 27.8%, due to higher levels of life insurance (individual and group) and annuity contracts.

These were partially offset by gains on investment activities decreasing by \$304 million, or 33.1%. This was as a result of reduced activity in the securities market in the December 2015 quarter compared to the December 2014 quarter.

### Operating expenses

Operating expenses increased by 4.6%, or \$428 million, over the three months ended December 31, 2014. This was mainly due to:

- Staff costs increasing by 14.6%, or \$442 million. This was due to negotiated increases in salaries, wages, allowances & benefits for the 2015/2016 financial year, and 2014/2015 staff benefits paid during the quarter.
- Policyholders' and annuitants' benefits and reserves, up by \$233 million, or 19.1%, due to an increase in actuarial reserves related to life insurance and annuity contracts sold.

This was partially offset by provision for credit losses declining by 27.7%, or \$163 million, as a result of our delinquency management and collection efforts.

### Loans and advances

Loans and advances, which totalled \$171.6 billion (net of provision for credit losses) as at December 31, 2015, grew by 9.2%, or \$14.4 billion, compared to the loan portfolio as at December 31, 2014. This was driven by growth in all our segments' portfolios, led by a 10.2% and 5.2% increase in the Retail and Corporate Banking portfolios. There was also significant growth in our overseas subsidiaries' loan portfolios. Non-performing loans totalled \$8.4 billion as at December 31, 2015 (\$9.1 billion as at December 31, 2014) and represented 4.8% of the gross loans compared to 5.6% as at December 31, 2014. The regulatory provision coverage at December 31, 2015 was 124.4% of non-performing loans compared to 117.1% at December 31, 2014.

### Deposits

Customer deposits were \$241.0 billion, up 17.4% or \$35.8 billion over the prior year. This was driven by growth in our savings, current accounts and fixed deposit portfolios, which increased by 21.1%, 16.8% and 12.1% respectively, over the prior year.

### Capital

The Group's stockholders' equity was \$87.7 billion as at December 31, 2015, up 7.1% over the prior year. Our capital position remains strong and our individual companies continued to meet their respective regulatory capital requirements.

Company	Regulatory capital ratios	December 31, 2015	December 31, 2014
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	<b>12.5%</b>	12.5%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	<b>32.5%</b>	31.9%
NCB Insurance Company Limited	Stockholders' equity to total liabilities (Solvency ratio) [Minimum requirement – 10.0%]	<b>47.7%</b>	42.6%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	<b>335.9%</b>	337.7%

### Segment performance for the three months ended December 31, 2015

Commercial banking activities, comprising the Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments, produced combined operating profits of \$1.8 billion for the three months ended December 31, 2015, an increase of 11%, or \$177 million, when compared to the three months ended December 31, 2014. Our Life Insurance & Pension Fund Management segment was the largest contributor to operating income in the quarter.

<u>Segment</u>	<u>Operating (Loss)/Profit quarter ended December 31, 2015 (\$'000)</u>	<u>Operating Profit quarter ended December 31, 2014 (\$'000)</u>	<u>Comments</u>
Retail & SME	(24)	256	<ul style="list-style-type: none"> <li>\$280 million decrease from prior year.</li> <li>-0.6% contribution to segment operating profit.</li> <li>Operating expenses and allocated costs grew by \$253 million and \$244 million, primarily as a result of higher staff costs. Operating income was \$217 million above the prior year due to higher levels of interest income.</li> </ul>
Payment Services	555	172	<ul style="list-style-type: none"> <li>\$383 million increase over prior year.</li> <li>15.1% contribution to segment operating profit.</li> <li>Operating expenses decreased by \$324 million or 32% due to the reversal of non-credit provisions and lower provisions for credit losses.</li> </ul>
Corporate Banking	355	237	<ul style="list-style-type: none"> <li>50% increase over prior year.</li> <li>9.6% contribution to segment operating profit.</li> <li>Increased operating income of \$130 million as a result of higher net interest income due to a reduction in interest expenses and increased net fee and commission income.</li> </ul>
Treasury & Correspondent Banking	939	982	<ul style="list-style-type: none"> <li>4% decline from prior year.</li> <li>25.5% contribution to segment operating profit.</li> <li>Operating income decreased by 2% and allocated costs grew by 30%.</li> </ul>
Wealth, Asset Management & Investment Banking	609	645	<ul style="list-style-type: none"> <li>6% decline from prior year.</li> <li>16.6% contribution to segment operating profit.</li> <li>Operating income decreased by \$36 million or 3% resulting from lower gains on foreign currency and investment activities, which was partially offset by growth in unit trust and corporate finance fees and net interest income.</li> </ul>
Life Insurance & Pension Fund Management	988	701	<ul style="list-style-type: none"> <li>41% or \$287 million increase over prior year.</li> <li>26.8% contribution to segment operating profit.</li> <li>Operating income grew by \$502 million due to increased premium income from growth in sales of annuity contracts and individual and group life products.</li> </ul>
General Insurance	259	307	<ul style="list-style-type: none"> <li>16% decrease from prior year</li> <li>7.0% contribution to segment operating profit.</li> <li>Operating income declined by \$62 million or 4% due to lower levels of premium income and net fee and commission income.</li> </ul>

## Dividends

The Board of Directors, at its meeting on January 28, 2016, declared an interim dividend of **\$0.50** per ordinary stock unit. The dividend is payable on February 26, 2016 for stockholders on record as at February 15, 2016.

## Business highlights

- At the end of November 2015, we finalised an agreement to purchase a 29.99% stake in Guardian Holdings Limited (GHL). This will be done through a private sale of shares. This transaction is subject to the satisfaction of all conditions, including the granting of all necessary regulatory approvals in Jamaica, Trinidad & Tobago and other relevant jurisdictions. GHL, is the leading insurer across the region, with significant market share in Trinidad & Tobago and Jamaica. This is the first transaction of its kind between two of the largest indigenous financial institutions in the region and is consistent with our regional expansion strategy.
- At the Jamaica Stock Exchange Annual Best Practices Awards Ceremony held in December 2015, we received six awards. The awards received were **Governor General's Award for Excellence** (*National Commercial Bank Jamaica Limited - NCBJ*); **Member Dealers Award for Revenue Generation & Market Activity** (*NCB Capital Markets Limited*); **Best Website (Main Market)** (*NCBJ*); **Best Annual Report (Main Market)** (*NCBJ*); **First Runner-up Corporate Disclosure and Investor Relations (Main Market)** (*NCBJ*) and **First Runner-up PSOJ/JSE Corporate Governance Award** (*NCBJ*). These awards are established to provide an avenue to recognise listed companies and stockbrokers, who uphold best practice standards.
- During the quarter, we opened the application process for our Annual N.C.B. Foundation Caribbean Secondary Education Certificate (CSEC) Principles of Accounts and Principles of Business (POA/POB) Fee Sponsorship Programme. Under this programme, we pay in full examination fees for POA and POB subjects for qualifying high school students across Jamaica.

## Corporate Social Responsibility

During the quarter, the N.C.B. Foundation continued to focus primarily on education, community development, sports, youth leadership and entrepreneurship. The Foundation through the Jamaican Education Initiative (JEI) donated over \$14 million in support of various initiatives financed by 0.50% of prior year personal Keycard sales, as well as 0.50% of the Bank's prior year profits.

### Education

Education continues to be the main area of focus through which we assisted with academic fees, equipment and infrastructural projects and general educational programmes. During the quarter we made commitments to various schools including Forest Hill Preparatory, Melrose Infant, Primary & High, Dor's Quick Learn Basic, Davis Primary, Port Henderson Primary and Our Lady of the Angels Preparatory were among the recipients. In addition, partnerships were renewed with the Jamaica Information Service to host its annual Heritage Essay Competition, and the Ministry of Youth and Culture received assistance to recognize the outstanding results obtained by a significant number of wards of the state in their recent CSEC and CAPE examinations. Similarly, our Adopt a School programme for 31 schools across Jamaica continues to benefit from projects being administered by NCB Group branches and offices through treats, training programmes, mentoring, creation of reading corners and library upgrades.

Mid semester grants were provided to assist additional students having financial challenges and the Foundation also partnered with the Alpart Community Council with its back-to-school project for students, ranging from early childhood to the tertiary level, from the 45 communities neighboring Alpart's operations in South Elizabeth and South Manchester.

## **Corporate Social Responsibility (continued)**

### *Sports and Community Development*

Branches across the group exemplified the mantra, “*Building the Communities we Serve*”, and demonstrated this through community level programmes in schools, civic groups, churches and local charities. Overwhelmingly, for this period significant support was given to projects planned and executed for the Christmas Season. The projects assisted included: Food for the Poor – Angels of Hope Christmas Treat and the Office of the Custos for the Parish of Kingston/Lay Magistrates Association of Jamaica (Kingston Chapter) “Christmas Family Day for Spouses & Children of Inmates of Tower Street Adult Correctional Centre”.

NCB’s Annual Christmas Campaign was launched under the theme “NCB Grants a Wish for Charities.” All Branches of NCB and Advantage General Insurance Company (AGIC) engaged customers and Jamaicans across the island to submit their wishes for a charity of their choice. The gifts were capped at \$100,000 per charity per branch; and the staff component allowed our Officers to make a wish online. A total of 48 charities were assisted as part of the Campaign.

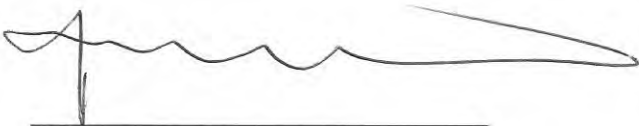
Support was also given to the Rotary Club of North St Catherine under-13 football competition and the Shelly Ann Fraser Pryce Foundation six-a-side football competition.

### *Youth Leadership & Entrepreneurship*

We partnered with the Alpha Boys School to provide skills training in screen printing for at-risk youths at the Alpha Institute. The donation assisted with the purchase of six Kruzer four station colour screen printing machines to be utilised in the Screen Printing Trade Training Programme.

As we progress in this new financial year; we continue to build the communities we serve and positively impact nation building through the work of the N.C.B. Foundation, our branches and staff. We are grateful for the support of our valued stakeholders.

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



**ON BEHALF OF THE BOARD**

# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Income Statement

Quarter ended December 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>		<i>PRIOR YEAR</i>	
	Quarter ended December 31 2015 \$'000	Quarter ended September 30 2015 \$'000	Quarter ended December 31 2014 \$'000	
<b>Operating income</b>				
Interest income	9,726,230	9,348,842	9,688,923	
Interest expense	(2,690,463)	(2,713,717)	(3,183,403)	
Net interest income	7,035,767	6,635,125	6,505,520	
Fee and commission income	3,187,077	3,117,783	3,096,984	
Fee and commission expense	(562,193)	(569,055)	(510,673)	
Net fee and commission income	2,624,884	2,548,728	2,586,311	
Gain on foreign currency and investment activities	614,227	932,056	917,952	
Premium income	2,347,682	1,940,214	1,836,510	
Dividend income	36,187	40,837	37,746	
Other operating income	19,938	59,865	77,132	
	3,018,034	2,972,972	2,869,340	
	<b>12,678,685</b>	<b>12,156,825</b>	<b>11,961,171</b>	
<b>Operating expenses</b>				
Staff costs	3,461,618	2,915,604	3,019,845	
Provision for credit losses	424,418	387,027	587,195	
Policyholders' and annuitants' benefits and reserves	1,453,348	640,465	1,220,576	
Depreciation and amortisation	434,064	424,221	350,390	
Impairment losses on securities	-	(8,789)	88,554	
Other operating expenses	3,871,947	3,036,553	3,950,970	
	<b>9,645,395</b>	<b>7,395,081</b>	<b>9,217,530</b>	
<b>Operating profit</b>	<b>3,033,290</b>	<b>4,761,744</b>	<b>2,743,641</b>	
Share of profit of associates	139,377	122,275	154,801	
Loss on dilution of investment in associate	-	(50,748)	-	
<b>Profit before taxation</b>	<b>3,172,667</b>	<b>4,833,271</b>	<b>2,898,442</b>	
Taxation	(777,557)	(1,085,389)	(765,371)	
<b>NET PROFIT</b>	<b>2,395,110</b>	<b>3,747,882</b>	<b>2,133,071</b>	
<b>Earnings per stock unit</b> (expressed in \$ per share)				
Basic and diluted	<b>0.97</b>	<b>1.52</b>	<b>0.87</b>	

**National Commercial Bank Jamaica Limited**  
**Unaudited Consolidated Statement of Comprehensive Income**  
**Quarter ended December 31, 2015**  
(expressed in Jamaican dollars unless otherwise indicated)


	<b>Quarter ended December 31 2015 \$'000</b>	<b>Quarter ended September 30 2015 \$'000</b>	<b>Quarter ended December 31 2014 \$'000</b>
<b>Net Profit</b>	<b>2,395,110</b>	<b>3,747,882</b>	<b>2,133,071</b>
<b>Other comprehensive income, net of tax-</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations	(69,963)	(180,122)	(17,175)
	<u>2,325,147</u>	<u>3,567,760</u>	<u>2,115,896</u>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation gains	50,426	87,889	67,304
Unrealised (losses)/gains on available-for-sale investments	(764,720)	2,980,787	535,897
Realised fair value (gains)/losses on sale and maturity of available-for-sale investments	(253,640)	218,365	(345,373)
	(967,934)	3,287,041	257,828
<b>Total other comprehensive income</b>	(1,037,897)	3,106,919	240,653
<b>TOTAL COMPREHENSIVE INCOME</b>	<b><u>1,357,213</u></b>	<b><u>6,854,801</u></b>	<b><u>2,373,724</u></b>

**National Commercial Bank Jamaica Limited**  
**Unaudited Consolidated Statement of Financial Position**  
**December 31, 2015**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>December 31 2015 \$'000</b>	<b>September 30 2015 \$'000</b>	<b>December 31 2014 \$'000</b>
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	30,753,302	28,875,090	32,327,827
Due from other banks	24,249,205	24,064,233	22,303,119
Derivative financial instruments	420,116	486,783	448,344
Investment securities at fair value through profit or loss	749,578	943,184	882,260
Reverse repurchase agreements	1,244,066	2,148,117	2,181,143
Loans and advances, net of provision for credit losses	171,557,375	165,404,606	157,110,057
Investment securities classified as available-for-sale and loans and receivables	174,590,650	166,019,274	119,901,589
Pledged assets	107,992,595	110,659,584	140,574,204
Investment in associates	6,230,108	6,307,220	6,134,991
Investment properties	663,917	475,500	475,500
Intangible assets	2,989,941	2,812,563	2,578,068
Property, plant and equipment	7,821,616	8,030,877	7,723,320
Deferred income tax assets	73,360	70,242	25,232
Income tax recoverable	1,007,437	902,435	1,198,516
Customers' liability - letters of credit and undertaking	1,726,954	1,775,088	1,326,071
Other assets	5,847,327	4,840,365	4,808,336
<b>Total assets</b>	<b>537,917,547</b>	<b>523,815,161</b>	<b>499,998,577</b>
<b>LIABILITIES</b>			
Due to other banks	8,608,806	6,146,366	9,964,774
Customer deposits	240,980,406	227,850,985	205,190,352
Repurchase agreements	96,613,533	100,004,008	128,815,154
Obligations under securitisation arrangements	44,732,960	44,292,064	14,157,654
Derivative financial instruments	71,654	52,794	-
Other borrowed funds	8,541,966	8,595,313	10,727,177
Income tax payable	1,187,322	181,084	320,653
Deferred income tax liabilities	1,031,603	1,793,557	2,257,594
Liabilities under annuity and insurance contracts	35,231,405	34,689,274	34,640,628
Provision for litigation	1,500	1,500	1,500
Post-employment benefit obligations	3,097,847	2,940,888	2,256,916
Liability - letters of credit and undertaking	1,726,954	1,775,088	1,326,071
Other liabilities	8,433,085	7,098,029	8,483,763
<b>Total liabilities</b>	<b>450,259,041</b>	<b>435,420,950</b>	<b>418,142,236</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	1,797,387	2,765,321	2,828,833
Loan loss reserve	5,742,238	5,706,122	5,433,407
Banking reserve fund	6,527,091	6,518,648	6,512,634
Retained earnings reserve	22,340,000	20,810,000	19,430,000
Retained earnings	44,789,447	46,131,777	41,189,124
<b>Total stockholders' equity</b>	<b>87,658,506</b>	<b>88,394,211</b>	<b>81,856,341</b>
<b>Total stockholders' equity and liabilities</b>	<b>537,917,547</b>	<b>523,815,161</b>	<b>499,998,577</b>

Approved for issue by the Board of Directors on January 28, 2016 and signed on its behalf by:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Secretary



# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Statement of Changes in Stockholders' Equity

Quarter ended December 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee Share Scheme	Fair value and capital reserves	Loan loss reserve	Banking reserve fund	Retained earnings reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at October 1, 2014, as restated</b>	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	-	-	257,828	-	-	-	2,115,896	2,373,724
Dividends paid	-	-	-	-	-	-	(2,363,766)	(2,363,766)
Transfer to Loan loss reserve	-	-	-	57,506	-	-	(57,506)	-
<b>Balance at December 31, 2014</b>	6,465,731	(3,388)	2,828,833	5,433,407	6,512,634	19,430,000	41,189,124	81,856,341
<b>Balance at October 1, 2015</b>	6,465,731	(3,388)	2,765,321	5,706,122	6,518,648	20,810,000	46,131,777	88,394,211
Total comprehensive income	-	-	(967,934)	-	-	-	2,325,147	1,357,213
Dividends paid	-	-	-	-	-	-	(2,092,918)	(2,092,918)
Transfer to Banking reserve	-	-	-	-	8,443	-	(8,443)	-
Transfer to Loan loss reserve	-	-	-	36,116	-	-	(36,116)	-
Transfer to Retained earnings reserve	-	-	-	-	-	1,530,000	(1,530,000)	-
<b>Balance at December 31, 2015</b>	6,465,731	(3,388)	1,797,387	5,742,238	6,527,091	22,340,000	44,789,447	87,658,506

# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Statement of Cash Flows

Quarter ended December 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	December 31 2015 \$'000	December 31 2014 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	2,395,110	2,133,071
Adjustments to reconcile net profit to net cash provided by operating activities	3,608,883	(982,550)
Net cash provided by operating activities	<u>6,003,993</u>	<u>1,150,521</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(173,562)	(699,322)
Acquisition of intangible asset - computer software	(320,419)	(203,486)
Proceeds from disposal of property, plant and equipment	10	89,325
Investment in associate	(213,810)	-
Dividends received from associates	81,468	68,605
Purchases of investment securities	(43,350,551)	(14,418,736)
Sales/maturities of investment securities	37,740,033	19,650,692
Net cash (used in)/provided by investing activities	<u>(6,236,831)</u>	<u>4,487,078</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from other borrowed funds	269,158	326,143
Repayments of other borrowed funds	(391,392)	(1,715,352)
Due to other banks	2,496,966	3,342,107
Dividends paid	(2,092,918)	(2,363,766)
Net cash provided by/(used in) financing activities	<u>281,814</u>	<u>(410,868)</u>
Effect of exchange rate changes on cash and cash equivalents	282,648	96,451
Net increase in cash and cash equivalents	331,624	5,323,182
Cash and cash equivalents at beginning of period	28,879,720	28,246,559
<b>Cash and cash equivalents at end of period</b>	<b><u>29,211,344</u></b>	<b><u>33,569,741</u></b>
<b>Comprising:</b>		
Cash in hand and balances at Central Bank	6,625,172	9,923,206
Due from other banks	23,814,877	22,053,101
Reverse repurchase agreements	516,000	1,004,691
Investment securities	1,114,736	3,510,642
Due to other banks	(2,859,441)	(2,921,899)
	<b><u>29,211,344</u></b>	<b><u>33,569,741</u></b>

# National Commercial Bank Jamaica Limited

## Unaudited Segment Report

Quarter ended December 31, 2015

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management and Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	3,715,058	2,431,511	1,559,049	2,323,805	2,116,374	2,296,267	1,414,376	74,901	-	15,931,341
Revenue from other segments	664,352	-	9,108	920,409	147,421	40,096	43,091	16,639	(1,841,116)	-
<b>Total revenue</b>	<b>4,379,410</b>	<b>2,431,511</b>	<b>1,568,157</b>	<b>3,244,214</b>	<b>2,263,795</b>	<b>2,336,363</b>	<b>1,457,467</b>	<b>91,540</b>	<b>(1,841,116)</b>	<b>15,931,341</b>
Interest income	3,456,651	917,613	1,328,179	2,817,132	1,862,109	753,120	228,742	4,492	(1,641,868)	9,726,170
Interest expense	(418,161)	(310,725)	(747,825)	(1,655,307)	(959,940)	(234,999)	-	(75)	1,641,868	(2,685,164)
<b>Net interest income</b>	<b>3,038,490</b>	<b>606,888</b>	<b>580,354</b>	<b>1,161,825</b>	<b>902,169</b>	<b>518,121</b>	<b>228,742</b>	<b>4,417</b>	<b>-</b>	<b>7,041,006</b>
Net fee and commission income	853,640	943,106	225,512	86,622	173,717	284,517	31,024	2,561	(12,285)	2,588,414
Gain on foreign currency and investment activities	44,781	4,289	11,107	251,574	200,857	29,776	31,541	66,108	(27,144)	612,889
Premium income	-	-	-	-	-	1,255,457	1,154,145	-	(61,920)	2,347,682
Other income	1,325	(2,238)	170	87,166	24,844	13,494	12,014	18,380	(109,073)	46,082
<b>Total operating income</b>	<b>3,938,236</b>	<b>1,552,045</b>	<b>817,143</b>	<b>1,587,187</b>	<b>1,301,587</b>	<b>2,101,365</b>	<b>1,457,466</b>	<b>91,466</b>	<b>(210,422)</b>	<b>12,636,073</b>
Staff costs	1,529,255	141,705	52,517	45,774	211,227	202,023	237,446	19,539	(57,127)	2,382,359
Provision for credit losses	192,100	233,774	(1,723)	-	2	-	-	-	-	424,153
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	700,787	752,561	-	-	1,453,348
Depreciation and amortisation	59,196	60,763	1,850	11,224	7,712	20,483	17,287	52	17,911	196,478
Other operating expenses	985,566	263,587	243,989	506,964	473,209	190,490	191,305	2,565	(71,026)	2,786,649
<b>Total operating expense</b>	<b>2,766,117</b>	<b>699,829</b>	<b>296,633</b>	<b>563,962</b>	<b>692,150</b>	<b>1,113,783</b>	<b>1,198,599</b>	<b>22,156</b>	<b>(110,242)</b>	<b>7,242,987</b>
Operating profit before allocated costs	1,172,119	852,216	520,510	1,023,225	609,437	987,582	258,867	69,310	(100,180)	5,393,086
Allocated costs	(1,195,666)	(297,657)	(165,440)	(84,001)	-	-	-	-	-	(1,742,764)
<b>Operating profit</b>	<b>(23,547)</b>	<b>554,559</b>	<b>355,070</b>	<b>939,224</b>	<b>609,437</b>	<b>987,582</b>	<b>258,867</b>	<b>69,310</b>	<b>(100,180)</b>	<b>3,650,322</b>
Unallocated corporate expenses										(617,032)
Share of profit of associates										139,377
<b>Profit before taxation</b>										<b>3,172,667</b>
Taxation										(777,557)
<b>Net Profit</b>										<b>2,395,110</b>
Segment assets	193,000,243	16,319,478	72,924,516	170,832,478	141,973,527	41,459,683	13,567,988	1,159,076	(121,669,313)	529,567,676
Associates										6,230,108
Unallocated assets										2,119,763
<b>Total assets</b>										<b>537,917,547</b>
Segment liabilities	171,938,109	10,123,736	59,783,501	162,013,505	120,191,217	28,386,606	8,393,680	226,360	(113,310,112)	447,746,602
Unallocated liabilities										2,512,439
<b>Total liabilities</b>										<b>450,259,041</b>
Capital expenditure	113,768	156,625	28,033	16,865	88,757	30,530	52,823	6,579	-	493,981

# National Commercial Bank Jamaica Limited

## Unaudited Segment Report

Quarter ended December 31, 2014

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management and Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	3,674,154	2,353,388	1,509,461	2,531,706	2,228,931	1,794,096	1,542,985	20,526	-	15,655,247
Revenue from other segments	630,480	-	10,043	1,031,435	248,789	31,881	(23,615)	16,237	(1,945,250)	-
<b>Total revenue</b>	<b>4,304,634</b>	<b>2,353,388</b>	<b>1,519,504</b>	<b>3,563,141</b>	<b>2,477,720</b>	<b>1,825,977</b>	<b>1,519,370</b>	<b>36,763</b>	<b>(1,945,250)</b>	<b>15,655,247</b>
Interest income	3,399,868	913,430	1,317,899	2,968,825	2,002,237	759,966	183,189	7,044	(1,863,649)	9,688,809
Interest expense	(533,425)	(376,382)	(825,870)	(1,938,824)	(1,139,707)	(226,351)	-	(39)	1,863,649	(3,176,949)
<b>Net interest income</b>	<b>2,866,443</b>	<b>537,048</b>	<b>492,029</b>	<b>1,030,001</b>	<b>862,530</b>	<b>533,615</b>	<b>183,189</b>	<b>7,005</b>	<b>-</b>	<b>6,511,860</b>
Net fee and commission income	810,151	909,928	186,467	63,629	92,109	314,548	134,783	2,512	35,713	2,549,840
Gain on foreign currency and investment activities	42,019	4,495	8,003	449,476	365,634	48,999	8,194	9,178	(19,053)	916,945
Premium income	-	-	-	-	-	687,636	1,180,859	-	(31,985)	1,836,510
Other income	2,176	515	148	77,440	17,094	14,828	12,345	18,028	(95,075)	47,499
<b>Total operating income</b>	<b>3,720,789</b>	<b>1,451,986</b>	<b>686,647</b>	<b>1,620,546</b>	<b>1,337,367</b>	<b>1,599,626</b>	<b>1,519,370</b>	<b>36,723</b>	<b>(110,400)</b>	<b>11,862,654</b>
Staff costs	1,259,225	126,600	33,213	35,846	176,610	226,728	192,224	23,690	(8,032)	2,066,104
Provision for credit losses	292,499	320,267	4,882	-	-	-	-	-	-	617,648
Depreciation and amortisation	47,333	49,541	1,751	10,061	15,963	2,501	18,515	350	17,911	163,926
Impairment losses on securities	-	-	-	-	47,108	41,446	-	-	-	88,554
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	452,273	768,303	-	-	1,220,576
Other operating expenses	913,789	527,584	281,962	528,336	452,254	176,170	233,477	4,810	(10,382)	3,108,000
<b>Total operating expense</b>	<b>2,512,846</b>	<b>1,023,992</b>	<b>321,808</b>	<b>574,243</b>	<b>691,935</b>	<b>899,118</b>	<b>1,212,519</b>	<b>28,850</b>	<b>(503)</b>	<b>7,264,808</b>
Operating profit before allocated costs	1,207,943	427,994	364,839	1,046,303	645,432	700,508	306,851	7,873	(109,897)	4,597,846
Allocated costs	(951,562)	(255,570)	(127,445)	(64,572)	-	-	-	-	-	(1,399,149)
<b>Operating profit</b>	<b>256,381</b>	<b>172,424</b>	<b>237,394</b>	<b>981,731</b>	<b>645,432</b>	<b>700,508</b>	<b>306,851</b>	<b>7,873</b>	<b>(109,897)</b>	<b>3,198,697</b>
Unallocated corporate expenses										(455,056)
Share of profit of associates										154,801
<b>Profit before taxation</b>										<b>2,898,442</b>
Taxation										(765,371)
<b>Net Profit</b>										<b>2,133,071</b>
Segment assets	163,054,757	14,626,397	67,688,057	173,691,425	129,445,424	38,533,872	11,722,902	970,526	(108,386,346)	491,347,014
Associates										6,134,991
Unallocated assets										2,516,572
<b>Total assets</b>										<b>499,998,577</b>
Segment liabilities	151,187,457	9,747,012	57,407,403	155,210,926	109,181,988	27,292,656	7,834,872	154,516	(103,013,255)	415,003,575
Unallocated liabilities										3,138,661
<b>Total liabilities</b>										<b>418,142,236</b>
Capital expenditure	528,721	209,186	32,394	6,382	32,570	50,175	35,140	8,240	-	902,808

# National Commercial Bank Jamaica Limited

## Notes to the Unaudited Financial Statements

December 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Principal Activities

National Commercial Bank Jamaica Limited ("the Bank") is incorporated in Jamaica and licensed under the Banking Services Act, 2014. The Bank is a 51.83% (December 31, 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 is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Bank's subsidiaries and other consolidated entities, together with the Bank are referred to as "the Group".

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB 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), which is incorporated in Barbados.

During the quarter, the Group acquired 20% of the ordinary share capital of Knutsford Express Services Limited.

### 2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended December 31, 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2015 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (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.

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2015.

### 3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME - This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.
- Payment services - This incorporates the provision of card related services.
- Corporate banking - This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking - This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking - This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Life Insurance & pension fund management - This incorporates life insurance, pension and investment management services.
- General insurance - This incorporates property and casualty insurance services.
- The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries 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.

### 4. Proposed acquisition of associate interest

At the end of November 2015, the Group finalised an agreement to purchase a 29.99% stake in Guardian Holdings Limited (GHL). This will be done through a private sale of shares. The successful completion of this transaction is subject to the satisfaction of all conditions, including the granting of all necessary regulatory approvals in Jamaica, Trinidad & Tobago and other relevant jurisdictions.

**Interest/Ownership of Securities by Directors and Senior Managers in National Commercial Bank Jamaica  
Limited as at December 31, 2015**

<b>Directors</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Robert Almeida	162,727	162,727	0
Wayne Chen	1,317,535,749	14,044	1,317,521,705
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	0
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	930,902	930,902	0
Hon. Michael Lee-Chin, OJ	1,618,233,388	2,254,000	1,615,979,388
Thalia Lyn, OD *	73,118,509	153,412	72,965,097
Oliver Mitchell, Jr.	0	0	0
Prof. Alvin Wint	88,144	88,144	0
Dave Garcia (Company Secretary)	11,210	11,210	0
<b>Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Rickert Allen	113,696	113,696	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Lennox Channer	354	0	354
Dennis Cohen *	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Damian Duncan	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Peter Higgins	0	0	0
Andre Ho Lung	0	0	0
Patrick Hylton, CD	930,902	930,902	0
Vernon James	0	0	0
Winston Lawson	82,518	82,518	0
Ramon Lewis	30,000	30,000	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Anne McMorris Cover	940	940	0
Marva Peynado	52,338	52,338	0
Janelle Prevost	0	0	0
Norman Reid	15,934	15,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriquez	42,147	42,147	0
Malcolm Sadler	0	0	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	0	0	0
Allison Wynter *	73,050,766	100,789	72,949,977
Angus Young	0	0	0

\* Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 72,949,977 held by trustees of the N.C.B. Staff Pension Fund.

**10 Largest Shareholders of National Commercial Bank Jamaica Limited as at December 31, 2015**

<b>Name of Shareholder</b>	<b>Units</b>	<b>Percentage Ownership</b>
AIC (Barbados) Limited	1,278,504,844	51.83%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	76,517,960	3.10%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Ideal Portfolio Services Company Limited	55,172,098	2.24%
AIC Global Holdings Inc.	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	26,724,981	1.08%
Beta SPV Limited	21,000,000	0.85%
Neon Liberty Lorikeet Master Fund LP	19,321,560	0.78%

**Shareholder Profile of National Commercial Bank Jamaica Limited as at December 31, 2015**

<b>Number of Shareholders</b>	<b>Ownership of Each Shareholder</b>	<b>Percentage Ownership</b>	<b>Number of Units</b>
(1) shareholder with 4 accounts	51.83%	51.83%	1,278,504,844
1	6 - 10%	9.01%	222,372,000
6	1 - 4%	12.53%	309,147,539
34,965	Less than 1%	26.63%	656,738,445
<b>34,973</b>		<b>100.00%</b>	<b>2,466,762,828</b>