

# NATIONAL COMMERCIAL BANK JAMAICA LIMITED

## Consolidated Profit and Loss Account

Six Months ended 2002 March 31

	Note	Q/E 2002.03.31 \$'000	YTD 2002.03.31 \$'000	Q/E 2001.03.31 \$'000	YTD 2001.03.31 \$'000
<b>Net Interest Income and Other Income</b>					
Income from loans		433,493	791,225	394,868	767,301
Income from securities		2,700,769	5,171,910	2,955,443	5,823,212
		<u>3,134,262</u>	<u>5,963,135</u>	<u>3,350,311</u>	<u>6,590,513</u>
		(1,958,649)	(3,870,019)	(1,942,082)	(3,835,231)
Interest expense		1,175,613	2,093,116	1,408,229	2,755,282
Net interest income		81,716	328,816	98,881	187,988
Exchange gains		333,167	661,894	312,367	592,799
Fees and commissions		223,901	398,271	122,353	232,569
Other operating income		<u>1,814,397</u>	<u>3,482,097</u>	<u>1,941,830</u>	<u>3,768,638</u>
<b>Non-interest Expenses</b>					
Staff costs		707,349	1,440,441	649,487	1,423,731
Other operating expenses		800,220	1,426,219	801,923	1,297,604
		<u>1,507,569</u>	<u>2,866,660</u>	<u>1,451,410</u>	<u>2,721,335</u>
Depreciation		68,492	134,563	98,015	234,123

Deposit Insurance Premium		-	46,339	-	41,082
		<u>1,576,061</u>	<u>3,047,562</u>	<u>1,549,425</u>	<u>2,996,540</u>
<b>Profit before Taxation</b>	3	238,336	434,535	392,405	772,098
Taxation	4	(11,241)	(22,911)	(50,811)	(100,081)
		<u>227,095</u>	<u>411,624</u>	<u>341,594</u>	<u>672,017</u>
Minority Interest in results of subsidiaries		(9,940)	(26,472)	(5,879)	(13,066)
<b>Profit after taxation before extraordinary item</b>		<u>217,155</u>	<u>385,152</u>	<u>335,715</u>	<u>658,951</u>
Extraordinary Item	5	-	-	3,193	3,193
<b>Net Profit</b>		<u>217,155</u>	<u>385,152</u>	<u>338,908</u>	<u>662,144</u>
<b>EARNINGS PER ORDINARY STOCK UNIT</b>					
Before extraordinary items			\$0.20		\$0.33
After extraordinary items			\$0.20		\$0.34

Consolidated Balance Sheet  
Six months ended 2002 March 31

	Notes	March 2002 \$'000	September 2001 \$'000
<b>ASSETS</b>			
<b>Cash Resources</b>			
Cash on hand and at Bank of Jamaica	7	<u>12,352,792</u>	<u>7,857,431</u>
Fixed deposits and balances with other banks and financial institutions		7,340,804	5,641,220
Cheques and other instruments in the course of collection		<u>1,012,610</u>	<u>763,363</u>
		<u>20,706,206</u>	<u>14,262,014</u>
<b>Investments</b>			
Government of Jamaica securities and other investments		<u>52,307,350</u>	<u>57,937,065</u>
Securities purchased under agreements to resell		18,958,064	16,189,379
Investment properties		<u>16,100</u>	<u>16,100</u>
		<u>71,281,514</u>	<u>74,142,544</u>
<b>Loans and Advances Less Provision for Losses</b>	8	10,798,750	8,279,420
<b>Customers' Liability on Ex-Im and Central Bank Discount</b>		178,179	223,310

**Customers' Liability on Acceptances, Guarantees,  
Indemnities and Credits**

**Other Assets**

**Fixed Assets**

	2,205,315	1,594,617
9	4,572,542	4,892,303
10	<u>1,750,187</u>	<u>1,511,277</u>
	111,492,693	104,905,485
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Deposits and Other Liabilities**

Deposit and current accounts of customers  
Promissory notes and certificates of participation  
Amounts due to other banks and financial institutions  
Cheques and other instruments in the course of payment  
Taxation  
Other liabilities

	<u>58,443,158</u>	<u>58,351,974</u>
	11,028,583	10,692,790
	2,654,032	1,196,953
	1,247,974	812,905
	52,126	8,725
11	<u>4,421,325</u>	<u>4,714,651</u>
	77,847,198	75,777,998
	178,179	223,310

**Liability on Ex-Im and Central Bank Discount**

**Liability on Acceptances, Guarantees, Indemnities and  
Credits**

**Obligations Under Repurchase Agreements**

**Obligations Under Credit Card and Cash Advance**

**Securitization Arrangements**

**Life Assurance Fund**

**Deferred Profit**

**Minority Interest in Subsidiaries**

**Stockholders' Equity**

Share capital  
Share premium  
Share redemption reserve fund  
Capital reserve  
Banking reserve fund  
Retained earnings reserve  
Retained earnings

13	<u>1,973,410</u>	<u>1,973,410</u>
	4,453,752	4,453,752
	450,000	450,000
14	315,588	278,462
15	533,974	533,974
16	911,897	911,897
	750,186	463,704
	<u>9,388,807</u>	<u>9,065,199</u>
	111,492,693	104,905,485
	=====	=====

Consolidated Statement of Changes in Equity  
Six Months ended 2002 March 31

Note	Share	Share	Share	Capital	Banking	Retained	Retained	Total
	Capital	Premium	Redemption Reserve Fund	Reserve	Reserve Fund	Earnings Reserve	Earnings	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 2000 October 01	5,701,000	561,237	-	959,972	521,974	1,361,897	195,428	9,301,508
Net profit	-	-	-	-	-	-	662,144	662,144
Under the Scheme of Arrangement:								
Ordinary shares issued	614,925	-	-	(614,925)	-	-	-	-
Converted to ordinary shares	(3,892,515)	3,892,515	-	-	-	-	-	-
Redemption of redeemable convertible preference shares	(450,000)	-	-	-	-	-	-	(450,000)
Transfer	-	-	450,000	-	-	(450,000)	-	-
Capital Distribution	-	-	-	(98,671)	-	-	-	(98,671)
Transfers	-	-	-	20,561	-	-	-	(20,561)
Withholding Tax	-	-	-	-	-	-	(2,520)	(2,520)
Translation gains	-	-	-	10,271	-	-	-	10,271
Gain on revaluation of fixed assets	-	-	-	12,207	-	-	-	12,207
Goodwill arising on consolidation	-	-	-	(10,795)	-	-	-	(10,795)
Decline on revaluation of investments	-	-	-	(4,397)	-	-	-	(4,397)
<b>Balance at 2001 March 31</b>	<b>1,973,410</b>	<b>4,453,752</b>	<b>450,000</b>	<b>274,223</b>	<b>521,974</b>	<b>911,897</b>	<b>834,491</b>	<b>9,419,747</b>
=====								
Balance as at 2001 October 01	1,973,410	4,453,752	450,000	278,462	533,974	911,897	463,704	9,065,199
Net profit	-	-	-	-	-	-	385,152	385,152
Translation gains	-	-	-	14,033	-	-	-	14,033
Dividend	-	-	-	-	-	-	(98,671)	(98,671)
Increase on revaluation of investments	-	-	-	23,094	-	-	-	23,094
<b>Balance at 2002 March 31</b>	<b>1,973,410</b>	<b>4,453,752</b>	<b>450,000</b>	<b>315,589</b>	<b>533,974</b>	<b>911,897</b>	<b>750,185</b>	<b>9,388,807</b>
=====								

Consolidated Cash Flow Statement  
Six months ended 2002 March 31

	Note	2002 \$'000	2001 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit attributable to stockholders		385,152	662,144
Adjustments to net income to arrive at net cash used in operating activities:			
Provision for loans, net of release		56,862	(415,454)
Depreciation		134,563	234,123
Translation gain on foreign subsidiary		14,033	10,208
Minority Interest		26,472	13,066
Interest earned on FINSAC bonds		-	(4,032,723)
Cheques and other instruments in transit		185,822	(253,561)
Other, net		116,307	106,710
Net cash provided/(used) in operating activities		<u>919,211</u>	<u>(3,675,487)</u>
<b>Cash Flows from Investing Activities</b>			
Investments		5,629,715	2,872,162
Loans and advances		(2,576,192)	418,272
Securities purchased under agreements to resell		(2,768,685)	1,416,912
Additions to fixed assets and investment properties		(370,105)	61,542
Net cash (used)/provided in investing activities		<u>(85,267)</u>	<u>4,768,888</u>
<b>Cash Flows from Financing Activities</b>			
Deposits and current accounts of customers		91,184	1,055,707
Dividend		98,671	-
Drawdowns/(repayments) under arrangements for sale of future receivables from credit card and cash advance transactions		1,324,153	
Amounts due to other banks and financial institutions		1,457,079	(563,000)
Promissory notes and certificates of participation		335,793	(1,471,469)
Life assurance fund		363,062	144,171
Obligations under repurchase agreements		1,888,401	(1,205,141)
Withholding Tax		-	(2,520)
Minority interest in subsidiaries		-	(9,342)
Net cash provided/(used) by financing activities		<u>5,361,001</u>	<u>(2,051,594)</u>
Net increase/ (decrease) in cash and cash equivalents		6,194,945	(958,193)
Cash and cash equivalents at beginning of year		<u>13,498,651</u>	<u>13,618,994</u>

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

19,693,596 12,660,801

Profit and Loss Account  
Six Months ended 2002 March 31

	Note	2002 \$'000	2002 \$'000	2001 \$'000	2001 \$'000
		2002 March Q/E	2002 March YTD	2001 March QIE	2001 March YTD
<b>Net Interest Income and Other Income</b>					
Income from loans		430,668	785,428	390,719	758,173
Income from securities		<u>1,923,445</u>	<u>3,715,400</u>	<u>2,371,077</u>	<u>4,677,343</u>
		2,354,113	4,500,828	2,761,796	5,435,516
Interest expense		<u>1,415,435</u>	<u>2,893,015</u>	<u>1,554,214</u>	<u>3,062,790</u>
Net interest income		938,678	1,607,813	1,207,582	2,372,726
Exchange gains		80,368	313,146	91,116	180,223
Fees and commissions		303,750	599,515	285,775	539,604
Other operating income		<u>20,489</u>	<u>32,574</u>	<u>50,083</u>	<u>64,255</u>
		<u>1,343,285</u>	<u>2,553,048</u>	<u>1,634,556</u>	<u>3,156,808</u>
<b>Non-interest Expenses</b>					
Depreciation		63,764	125,278	89,636	222,940
Deposit insurance premium		-	46,339	-	41,082
Staff costs		657,606	1,338,982	606,770	1,339,482
Other operating expenses		<u>522,845</u>	<u>903,637</u>	<u>612,647</u>	<u>936,525</u>
		<u>1,244,215</u>	<u>2,414,235</u>	<u>1,309,053</u>	<u>2,540,029</u>
<b>Profit before Taxation</b>	3	99,070	138,812	325,503	616,779
Taxation	4	-	-	(44,133)	(84,517)
<b>NET PROFIT</b>		<u>99,070</u>	<u>138,812</u>	<u>281,370</u>	<u>532,262</u>

Balance Sheet

2002 March 31

	Note	March 2002 \$ '000	September 2001 \$ '000
<b>ASSETS</b>			
<b>Cash Resources</b>			
Cash on hand and at Bank of Jamaica	7	12,177,739	7,788,594
Fixed deposits and balances with other banks and financial institutions		7,290,542	5,550,899
Cheques and other instruments in the course of collection		1,012,933	765,243
		<u>20,481,214</u>	<u>14,104,736</u>
<b>Investments</b>			
Government of Jamaica securities and other investments		46,891,181	52,455,163
Securities purchased under agreements to resell		3,553,750	4,127,391
Investments in subsidiaries		1,977,502	1,694,035
		<u>52,422,433</u>	<u>58,276,589</u>
<b>Loans and Advances Less Provision for Losses</b>	8	10,685,959	8,155,989
<b>Customers' Liability on Ex-Im Bank Discount</b>		178,179	223,310
<b>Customers' Liability on Acceptances, Guarantees, Indemnities and Credits</b>		2,396,373	1,787,193
<b>Other Assets</b>	9	2,959,748	3,624,686
<b>Fixed Assets</b>	10	1,716,151	1,478,897
		<u>90,840,057</u>	<u>87,651,400</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Deposits and Other Liabilities</b>			
Deposits and current accounts of customers		58,272,275	58,242,684
Amounts due to other banks and financial institutions		2,654,032	1,198,718
Cheques and other instruments in the course of payment		1,247,828	772,729
Other liabilities	11	3,133,973	3,926,367
		<u>65,308,108</u>	<u>64,140,498</u>
<b>Liability on Ex-Im Bank Discount</b>		178,179	223,310
<b>Liability on Acceptances, Guarantees, Indemnities and Credits</b>		2,396,373	1,787,193
<b>Obligations Under Repurchase Agreements</b>		8,139,411	8,330,174
<b>Obligations Under Credit Card and Cash Advance Securitization</b>			

<b>Arrangements</b>	12	5,429,179	4,105,026
<b>Stockholders' Equity</b>			
Share capital	13	1,973,410	1,973,410
Share premium		3,998,968	3,998,968
Share redemption reserve fund		450,000	450,000
Capital reserve	14	1,036,755	753,288
Banking reserve fund	15	530,000	530,000
Retained earnings reserve	16	911,897	911,897
Retained earnings		487,777	447,636
		<u>9,388,807</u>	<u>9,065,199</u>
		<u>90,840,057</u>	<u>87,651,400</u>
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Statement of Changes in Equity  
Six months ended 2002 March 31

Note	Share	Share	Share	Capital	Banking	Earnings	Retained	Total
	Capital	Premium	Redemption Reserve Fund	Reserve	Reserve Fund	Reserve	Earnings	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 2000 October 01	5,701,000	106,453	-	208,228	518,000	1,361,897	381,685	8,277,263
Net profit	-	-	-	-	-	-	532,262	532,262
Under the Scheme of Arrangement:								
Ordinary shares issued	614,925	-	-	(614,925)	-	-	-	-
Converted to ordinary shares	(3,892,515)	3,892,515	-	-	-	-	-	-
Redemption of convertible preference shares	(450,000)	-	-	-	-	-	-	(450,000)
Transfer	-	-	450,000	-	-	(450,000)	-	-
Arising on acquisition subsidiaries	-	-	-	1,026,218	-	-	-	1,026,218
Capital Distribution	-	-	-	(98,671)	-	-	-	(98,671)
Gains on revaluation of investments in subsidiaries	-	-	-	120,468	-	-	-	120,468



Gain on revaluation of fixed assets	-	-	-	12,207	-	-	-	12,207
<b>Balance at 2001 March 31</b>	<u>1,973,410</u>	<u>3,998,968</u>	<u>450,000</u>	<u>653,525</u>	<u>518,000</u>	<u>911,897</u>	<u>913,947</u>	<u>9,419,747</u>
Balance at 2001 October 01:	1,973,410	3,998,968	450,000	753,288	530,000	911,897	447,636	9,065,199
Net profit	-	-	-	-	-	-	138,812	138,812
Dividend	-	-	-	-	-	-	(98,671)	(98,671)
Gain on revaluation of subsidiaries	-	-	-	283,467	-	-	-	283,467
<b>Balance at 2002 March 31</b>	<u>1,973,410</u>	<u>3,998,968</u>	<u>450,000</u>	<u>1,036,755</u>	<u>530,000</u>	<u>911,897</u>	<u>487,777</u>	<u>9,388,807</u>

Statement of Cash Flows  
Six months ended 2002 March 31

	Note	2002 \$'000	2001 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit		138,813	532,262
Adjustments to net income to arrive at net cash used in operating activities:			
Provision for loan losses, net of release		56,860	(415,454)
Depreciation		125,278	222,940
Gain on sale of fixed assets		(10,167)	(35,953)
Interest accrued on FINSAC Bonds Repo			959,497
Interest earned on FINSAC bonds		-	(3,838,109)
Cheques and other instruments in transit		227,409	752,218
Other, net		(93,540)	(2,220,165)
Net cash provided/(used) in operating activities		<u>444,653</u>	<u>(4,042,764)</u>
<b>Cash Flows from Investing Activities</b>			
		5	
Investments		563,982	6,314,952
Loans and advances		(2,586,831)	513,494
Securities purchased under agreements to resell		573,641	(281,794)
Additions to fixed assets, net		<u>(352,363)</u>	<u>(62,382)</u>

Net cash provided in investing activities	<u>3,198,429</u>	<u>6,484,270</u>
<b>Cash Flows from Financing Activities</b>		
Deposits and current accounts of customers	29,591	(780,925)
Dividend	98,671	-
Drawdowns/(repayments) under arrangements for sale of future receivables from credit card and cash advance transactions	1,324,153	-
Amounts due to other banks and financial institutions	1,455,314	(348,439)
Obligations under repurchase agreements	(190,763)	(2,401,663)
Other Liabilities	<u>(33,918)</u>	<u>58,789</u>
Net cash provided/(used) by financing activities	<u>2,485,707</u>	<u>(3,472,238)</u>
Net increase/(decrease) in cash and cash equivalents	6,128,789	(1,030,733)
Cash and cash equivalents at beginning of year	<u>13,339,493</u>	<u>13,413,932</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>19,468,281</u>	<u>12,383,199</u>
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Notes to the Financial Statements  
2002 March 31

### 1 Identification and Principal Activities

National Commercial Bank Jamaica Limited ("the Bank") is incorporated in Jamaica and licensed under the Banking Act, 1992.

As of 2002 March 19, Advantage Investment Counsel Limited (AIC), acquired 75% of the Ordinary stock units of the company. These stock units were purchased from FINSAC Ltd. at a price of J\$6,034,000,000.

The Board approved the transfer of 1,322,184,876 ordinary stock units of \$1.00 each and 157,872,822 ordinary stock units of \$1.00 each from Atrium Holdings Limited and Atrium XS Holdings Limited respectively, to AIC (Barbados) Limited.

The Bank's subsidiaries, which together with the Bank are referred to as "the Group", are as follows:

#### Principal Activities Percentage ownership by Bank

2002 March 31

Data-Cap Processing Limited	Data Processing	100
Edward Gayle and Company Limited	Primary Dealer and Stock Broker	50.50
Mutual Security Insurance Brokers Limited	Insurance Brokers	100
N.C.B. (investments) Limited	Money Market Trading	100
N.C.B. Jamaica (Nominees) Limited	Securities' Nominee	100
N.C.B. Cayman Limited	Commercial Banking	100
Omni Insurance Services Limited	Life Insurance	100
West Indies Trust Company Limited	Investment and Pension Fund Management	100

With the exception of N.C.B. Cayman Limited, which is incorporated in the Cayman Islands, all subsidiaries are incorporated in Jamaica.

All amounts are stated in Jamaican dollars unless otherwise indicated.

**2 Accounting Policies**

The same accounting policies and methods of computation are followed in these interim financial statements as compared to the most recent annual audited accounts as at 2001 September 30.

**3 Profit before Taxation**

The following have been charged:

	<u>The Group</u>		<u>The Bank</u>	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Provision for Non-Performing Loans	56,861	(415,454)	56,861	(415,454)
Depreciation	134,563	234,123	125,278	222,940
	=====	=====	=====	=====

**4 Taxation**

Taxation in these financial statements is based on the profit for the six months adjusted for taxation purposes and comprises:

	<u>The Group</u>		<u>The Bank</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Income tax at 33 1/3%	10,906	92,586	-	84,517
Tax on premium income at 11/2%	5,724	4,800	-	-
Investment income tax at 71/2%	6,281	2,695	-	-
	<u>22,911</u>	<u>100,081</u>	<u>-</u>	<u>84,517</u>
	=====	=====	=====	=====

The taxation charges were incurred by group companies that generated taxable profits.

The tax charge is disproportionate to the reported profit due primarily to the utilisation of tax losses brought forward and the remission of income tax relating to interest income of approximately \$317,491,000 from the Government of Jamaica Local Registered Stocks that were issued to replace the FIS bonds.

#### 5 Extraordinary items

	<u>The Group</u>	
	2002 \$'000	2001 \$'000
Gain on transfer of subsidiaries	-	3,193
	=====	=====

#### 6 Earnings Per Ordinary Stock Unit

Earnings per ordinary stock unit is based on 1,973,410,262 ordinary stock units, being the number of stock units in issue at the end of the period and the net profit attributable to stockholders.

#### 7 Statutory Reserves and Deposits

Cash includes \$5,201,447,000 (2001 - \$6,323,870,000), which is the required ratio of 9% of prescribed liabilities. The amount is held in a special deposit account at the Bank of Jamaica as cash reserve; accordingly, it is not available for investment, lending or other use by the Group. Amounts placed on special deposit may not be dealt with by the Group and must be maintained as long as the Bank of Jamaica so requires. The Jamaican dollar cash reserve of \$3,800,000,000 (2001 - \$4,680,174,000) is non-interest-bearing.

## 8 Provision for Loan Losses

Movements during the six months were as follows:

	<u>The Group</u>		<u>The Bank</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Non-performing loans - interest not being accrued	1,693,228	1,671,983	1,668,594	1,931,417
Balance at beginning of year	2,658,574	3,500,665	2,652,662	3,496,060
Provided during the quarter, net of recoveries	56,861	(415,453)	56,861	(415,453)
Amounts written off	(126,964)	(33,422)	(126,964)	(33,422)
Balance at end of the quarter	2,588,471	3,051,790	2,582,559	3,047,185
This comprises:				
Specific provision	2,460,166	2,972,941	2,406,466	2,971,623
General provision	128,305	78,849	176,093	75,562

At 2002 March 31, specific provision has been made for all loans which are in arrears in respect of interest and principal repayments for three months or longer. No interest is accrued in respect of these loans. Specific provision has also been made for loans which, although performing, exhibit signs of credit weakness and non-performing loans in respect of which the Bank is a guarantor. General provision approximates one to four percent of the performing loan portfolio.

## 9 Other Assets

These include interest receivable of \$2,486,248,000 (2001 - \$1,312,748,000) for the Group and \$1,737,297,000 (2001 - \$601,602,000) for the Bank.

## 10 Fixed Assets

<u>The Group</u>			
<u>Freehold</u>	<u>Furniture,</u>	<u>Assets</u>	
<u>Land and</u>	<u>Leasehold Equipment &amp;</u>	<u>Capitalised</u>	<u>Under</u>
<u>Construction</u>	<u>Finance</u>	<u>Construction</u>	<u>Construction</u>

	<b>Buildings</b>	<b>Improvements</b>	<b>Vehicles</b>	<b>Leases in progress</b>		<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cost or Valuation -						
At 2001 October 1	1,117,958	266,551	835,979	791,083	91,354	3,102,925
Additions	151,341	3,367	104,435	4,485	121,952	385,580
Disposals	(5,477)	(14,180)	(624)	(9,026)	-	(29,307)
Transfers	30,233		16,647	17,625	31,211	-
Reclassification	(25,883)	-	(562)	-	22,447	(3,998)
At 2002 March 31	<b>1,268,172</b>	<b>255,737</b>	<b>922,583</b>	<b>804,167</b>	<b>204,542</b>	<b>3,455,200</b>
Depreciation -						
At 2001 October 1	167,029	208,450	589,152	627,010	-	1,591,641
Charge for the period	11,938	4,916	73,116	45,267	-	135,237
Disposals	(929)	(14,180)	(612)	(6,124)	-	(21,845)
Transfers	-	-	-	-	-	-
Reclassification	-	-	(3)	(17)	-	(20)
At 2002 March 31	178,039	199,186	661,653	666,136	-	1,705,013
Net Book Value -						
2002 March 31	<b>1,090,133</b>	<b>56,551</b>	<b>260,930</b>	<b>138,031</b>	<b>204,542</b>	<b>1,750,187</b>
2001 March 31	<b>969,947</b>	<b>54,293</b>	<b>295,259</b>	<b>193,855</b>	<b>39,600</b>	<b>1,552,954</b>

<b>The Bank</b>					
			<b>Assets</b>		
			<b>Capitalised</b>		
<b>Freehold</b>	<b>Furniture,</b>		<b>Under</b>		
<b>Land and</b>	<b>Leasehold</b>	<b>Equipment &amp;</b>	<b>Finance</b>	<b>Construction</b>	<b>Total</b>
<b>Buildings</b>	<b>Improvements</b>	<b>Vehicles</b>	<b>Leases</b>	<b>in progress</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
1,092,075	255,650	754,499	793,219	115,098	3,010,541
151,341	3,367	92,813	4,485	121,952	373,958
(5,477)	(14,180)	(387)	(9,026)	-	(29,070)

Cost or Valuation -  
At 2001 October 01  
Additions  
Disposals

Transfers	30,233	-	(16,647)	17,625	(31,211)	-
Reclassification	-	-	(562)	(2,135)	(1,299)	(3,996)
At 2002 March 31	<b>1,268,172</b>	<b>244,837</b>	<b>829,716</b>	<b>804,168</b>	<b>204,540</b>	<b>3,351,433</b>
Depreciation -						
At 2001 October 1	167,030	202,957	534,647	627,009	-	1,531,642
Charge for the period	11,938	4,038	64,037	45,267	-	125,280
Disposals	(929)	(14,180)	(387)	(6,124)	-	(21,620)
Transfers	-	-	-	-	-	0
Reclassification			(3)	(17)	-	(20)
At 2002 March 31	<b>178,039</b>	<b>192,814</b>	<b>598,294</b>	<b>666,135</b>	<b>-</b>	<b>1,635,282</b>
Net Book Value -						
2002 March 31	<b>1,090,133</b>	<b>52,023</b>	<b>231,422</b>	<b>138,033</b>	<b>204,640</b>	<b>1,716,151</b>
2001 March 31	<b>969,947</b>	<b>48,478</b>	<b>265,636</b>	<b>196,725</b>	<b>39,600</b>	<b>1,520,386</b>

(a) The freehold land and buildings of a subsidiary were revalued at open market value by The C.D. Alexander Realty Company Limited as at 30 June 1990. The surplus has been credited to capital reserve (Note 13).

(b) The freehold land of a subsidiary was revalued at open market value by Allison, Pitter and Company on 22 September 1998. The diminution in value was charged to the profit and loss account.

## 11 Other Liabilities

These include:

- (a) Amounts aggregating \$683,374,000 (2001- \$824,863,000) representing funds provided by GOJ and various funding agencies to the Bank for the purpose of making loans to students of tertiary educational institutions.
- (b) Interest payable on customer deposits and liabilities of the Bank amounting to \$979,062,000 (2001- \$1,184,466,000).
- (c) Interest accrued on promissory notes and certificates of participation and liabilities of a subsidiary of the Bank totalling \$214,295,000 (2001- \$ 302,975,000).
- (d) An amount of \$238,044,000 (2001- \$223,083,000) representing a US dollar denominated demand loan from Barclays Bank plc to a subsidiary of the Bank. The interest rate on the loan at 31 March 2002 was based on

one year US\$ LIBOR plus 125 basis points.

## 12 Obligations Under Credit Card and Cash Advance Securitization Arrangements

During the year, the Bank entered into an arrangement for the sale of Future Accounts Receivable amounting to US\$125,000,000 in respect of credit card and cash advance transactions in Jamaica between Visa International Service Association and Master Card International Incorporated and cardholders holding cards issued by banks outside of Jamaica (primarily in the U.S.A.). This took the form of variable funding certificates issued by Citibank N.A. through Citicorp administered commercial paper conduits. The interest is payable quarterly commencing in October 2001 and ending October 2006. Interest is calculated daily based on the weighted average rate applicable to commercial paper transactions administered by the respective conduits. The rate approximates one month US dollar LIBOR plus 275 basis points.

The Bank also entered into interest rate swap agreements effective October 2001 with Citibank N.A. whereby the Bank will pay fixed rates per annum and received three month US dollar LIBOR on notional amounts totalling US\$90,000,000 every quarter commencing January 2002 and ending July 2006.

## 13 Share Capital

	2002 \$'000	2001 \$'000
Authorised	5,750,000	5,750,000
	=====	=====
Issued and Fully Paid Up Capital - Ordinary stock units of \$1 each	1,973,410	1,973,410
	<u>1,973,410</u>	<u>1,973,410</u>
	=====	=====

## 14 Capital Reserve

	<u>The Group</u>		<u>The Bank</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Realised:				
Capital distribution	151	151	-	-
Surplus on revaluation of fixed assets and investment properties	92,991	92,991	-	-
Surplus on revaluation of subsidiaries	-	-	312,622	312,622



(Goodwill)/reserve arising on consolidation	(69,459)	(1,007)	-	-
Retained earnings capitalised	66,500	-	-	-
Unrealised:				
Surplus on revaluation of fixed assets and investments	91,533	70,151	47,904	47,904
Surplus on revaluation of subsidiaries	-	-	676,229	292,999
Gain on translation of foreign subsidiary	<u>133,873</u>	<u>111,937</u>	<u>-</u>	<u>-</u>
	<u>315,589</u>	<u>274,223</u>	<u>1,036,755</u>	<u>653,525</u>
	=====	=====	=====	=====

#### 15 Banking Reserve Fund

This fund is maintained in accordance with the Banking Act 1992 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 said net profits until the amount of the fund is equal to the paid-up capital of the Bank.

#### 16 Retained Earnings Reserve

Section 2 of the Banking Act 1992 permits 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.

The deposit liabilities of the Bank and other indebtedness for borrowed money together with all interest accrued should not exceed twenty-five times its capital base.

#### 17 Banking Act

At 31 March 2002 and 31 March 2001: The Bank was in breach of Section 13(1)(d) of the Banking Act. This section deals with unsecured lending to connected persons.

#### 18 Retirement Plans

The Bank operates two pension schemes covering permanent employees as follows:

- (a) NCB 1986 Fund
- (b) NCB Staff Pension Fund (1999)

Certain other subsidiaries have their own retirement plans, all of which are adequately funded in respect of past service benefits.

Total contributions by the Group to the pension funds for the six months ended 2002 March 31 amounted to \$37,325,000 (2001 - \$26,573,000)