

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

Consolidated Profit and Loss Account

Nine Months ended 2002 June 30

	Note	Quarter Ended 2002 June 30 \$ '000	Year to Date 2002 June 30 \$ '000	Quarter Ended 2001 June 30 \$ '000	Year to Date 2001 June 30 \$ '000
Net Interest Income and Other Income					
Income from loans		477,336	1,268,561	342,999	1,110,300
Income from securities		2,735,264	7,907,174	2,402,962	8,226,174
		<u>3,212,600</u>	<u>9,175,735</u>	<u>2,745,961</u>	<u>9,336,474</u>
Interest expense		(1,890,783)	(5,760,802)	(1,835,798)	(5,671,029)
Net interest income		1,321,817	3,414,933	910,163	3,665,445
Exchange gains		226,744	555,561	83,201	271,189
Fees and commissions		343,281	1,001,752	307,626	900,425
Other operating income		298,744	700,437	159,984	392,553
		<u>2,190,586</u>	<u>5,672,683</u>	<u>1,460,974</u>	<u>5,229,612</u>
Non-interest Expenses					
Staff costs		689,363	2,129,804	591,571	2,015,302
Other operating expenses		928,911	2,355,459	269,882	1,567,486
		<u>1,618,274</u>	<u>4,485,263</u>	<u>861,453</u>	<u>3,582,788</u>
Depreciation		75,402	209,635	97,601	331,724
Deposit Insurance Premium		-	46,339	-	41,082
		<u>1,693,676</u>	<u>4,741,237</u>	<u>959,054</u>	<u>3,955,594</u>
Profit before Exceptional Items	3	496,910	931,446	501,920	1,274,018
Exceptional Items		-	-	(400,000)	(400,000)
Profit before Taxation		496,910	931,446	101,920	874,018
Taxation	4	(39,173)	(62,084)	60,683	(39,398)

Minority Interest		457,737	869,362	162,603	834,620
		(28,018)	(54,490)	(16,679)	(29,745)
Profit after taxation before extraordinary item		429,719	814,872	145,924	804,875
Extraordinary Item	5	-	-	-	3,193
Net Profit		429,719	814,872	145,924	808,068
EARNINGS PER ORDINARY STOCK UNIT					
Before extraordinary items		0.17	0.33	0.06	0.33
After extraordinary items		0.17	0.33	0.06	0.33

Consolidated Balance Sheet

as at 2002 June 30

	Notes	June 2,002 \$'000	September 2,001 \$'000
ASSETS			
Cash Resources			
Cash on hand and at Bank of Jamaica	7	11,695,836	7,857,431
Fixed deposits and balances with other banks and financial institutions		5,939,698	5,641,220
Cheques and other instruments in the course of collection		1,061,507	763,363
		18,697,041	14,262,014
Investments			
Government of Jamaica securities and other investments		63,132,370	57,937,065
Securities purchased under agreements to resell		8,783,276	16,189,379
Investment properties		16,100	16,100
		71,931,746	74,142,544
Loans and Advances Less Provision for Losses	8	12,747,169	8,279,420
Customers' Liability on Ex-Im and Central Bank Discount		157,517	223,310

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

Other Assets

Fixed Assets

		2,277,464	1,594,617
9		4,049,986	4,892,303
10		<u>1,936,255</u>	<u>1,511,277</u>
		111,797,178	104,905,485
		=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits and Other Liabilities

Deposit and current accounts of customers

61,995,293 58,351,974

Promissory notes and certificates of participation

11,136,142 10,692,790

Amounts due to other banks and financial institutions

2,839,875 1,196,953

Cheques and other instruments in the course of payment

1,249,244 812,905

Taxation

63,469 8,725

Other liabilities

11 3,764,054 4,714,651

81,048,077 75,777,998

157,517 223,310

Liability on Ex-Im and Central Bank Discount

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

2,277,464 1,594,617

Obligations Under Repurchase Agreements

9,842,156 11,318,970

Obligations Under Credit Card and Cash Advance

Securitization Arrangements

12 5,259,210 4,105,026

Life Assurance Fund

2,916,598 2,298,466

Deferred Profit

407,129 400,029

Minority Interest In Subsidiaries

176,360 121,870

Stockholders' Equity

Share capital

13 2,466,763 1,973,410

Share premium

4,453,752 4,453,752

Share redemption reserve fund

- 450,000

Capital reserve

14 378,134 278,462

Banking reserve fund

15 533,974 533,974

Retained earnings reserve

16 911,897 911,897

Retained earnings

968,147 463,704

9,712,667 9,065,199

111,797,178 104,905,485

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Consolidated Statement of Changes in Equity

Nine Months ended 2002 June 30

Note	Share		Share Redemption	Capital Reserve	Reserve Fund	Banking Earnings Reserve	Retained Earnings	Total
	Capital	Premium	Reserve Fund					
	\$'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	9,301,50
Net profit	-	-	-	-	-	-	808,068	808,068
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	-			16,477	-	-	-	16,477
Gain on revaluation of fixed assets				12,207				12,207
Goodwill arising on consolidation				(87,064)				(87,064)
Decline on revaluation of investments	-	-	-	16,657	-		-	16,657
Balance at 2001 June 30	1,973,410	4,453,752	450,000	225,214	521,974	911,897	980,415	9,516,662
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	-	-	-	-			814,872	814,872
Bonus issue	493,353	-	(450,000)	-			(43,353)	-
Transfers				50,000			(50,000)	-
Translation gains	-	-	-	21,331	-	-	-	21,331
Dividend	-	-	-	-	-	-	(217,076)	(217,076)
Increase on revaluation of investments	-	-	-	28,341	-	-	-	28,341

Balance at 2002 June 30	2,466,763	4,453,752	-	378,134	533,974	911,897	968,147	9,712,667
	=====	=====						

Consolidated Cash Flow Statement

Nine months ended 2002 June 30

	Note	2002 \$ '000	2001 \$ '000
Cash Flows from Operating Activities			
Net profit attributable to stockholders		814,872	808,068
Adjustments to net income to arrive at net cash used in operating activities:			
Provision for loans, net of release		94,154	(470,648)
Depreciation		209,965	331,724
Translation gain on foreign subsidiary		21,331	16,477
Minority Interest		54,490	29,745
Interest earned on FINSAC bonds		-	(5,760,190)
Cheques and other instruments in transit		138,195	(597,776)
Other, net		(18,095)	312,592
Net cash provided/(used) in operating activities		<u>1,314,912</u>	<u>(5,330,008)</u>
Cash Flows from Investing Activities			
Investments		(5,195,305)	1,887,346
Loans and advances		(4,561,903)	677,126
Securities purchased under agreements to resell		7,406,103	960,160
Additions to fixed assets and investment properties		(634,943)	13,849
Net cash (used)/provided in investing activities		<u>(2,986,048)</u>	<u>3,538,481</u>
Cash Flows from Financing Activities			
Deposits and current accounts of customers		3,643,319	2,737,452
Dividend Paid		(217,076)	(98,671)
Drawdowns/(repayments) under arrangements for sale of future			

receivables from credit card and cash advance transactions	1,154,184	-
Amounts due to other banks and financial institutions	1,642,922	(667,136)
Promissory notes and certificates of participation	443,352	(2,932,491)
Life assurance fund	618,132	280,668
Obligations under repurchase agreements	(1,476,814)	349,636
Withholding Tax	-	(2,520)
Minority interest in subsidiaries	-	(61,527)
Net cash provided/(used) by financing activities	<u>5,808,019</u>	<u>(394,589)</u>
Net increase/ (decrease) in cash and cash equivalents	4,136,883	(2,186,116)
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	<u>17,635,534</u>	<u>11,432,878</u>
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Profit and Loss Account

Nine Months ended 2002 June 30

	Note	Quarter Ended 2002 June 30 \$'000	Year to Date 2002 June 30 \$'000	Quarter Ended 2001 June 30 \$'000	Year to Date 2001 June 30 \$'000
Net Interest Income and Other Income					
Income from loans		477,323	1,262,751	339,665	1,097,838
Income from securities		<u>1,851,729</u>	<u>5,567,129</u>	<u>1,808,295</u>	<u>6,485,638</u>
		2,329,052	6,829,880	2,147,960	7,583,476
Interest expense		<u>(1,292,416)</u>	<u>(4,185,431)</u>	<u>(1,452,136)</u>	<u>(4,514,926)</u>
Net interest income		1,036,636	2,644,449	695,824	3,068,550
Exchange gains		222,249	535,395	74,365	254,588
Fees and commissions		310,253	910,114	276,079	815,683
Other operating income		<u>15,019</u>	<u>47,246</u>	<u>14,864</u>	<u>79,119</u>
		<u>1,584,157</u>	<u>4,137,204</u>	<u>1,061,132</u>	<u>4,217,940</u>
Non-Interest Expenses					

Depreciation		71,820	197,098	92,800	315,740
Deposit insurance premium		-	46,339	-	41,082
Staff costs		635,410	1,974,392	554,968	1,894,450
Other operating expenses		561,016	1,464,651	61,982	998,507
		<u>1,268,246</u>	<u>3,682,480</u>	<u>709,750</u>	<u>3,249,779</u>
Profit before Exceptional Items	3	315,911	454,724	351,382	968,161
Exceptional Items		-	-	(400,000)	(400,000)
Profit before Taxation		<u>315,911</u>	<u>454,724</u>	<u>(48,618)</u>	<u>568,161</u>
Taxation	4	-	-	84,517	-
NET PROFIT		<u>315,911</u>	<u>454,724</u>	<u>35,899</u>	<u>568,161</u>
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Balance Sheet

2002 June 30

	Note	June 2,002 \$ '000	September 2,001 \$ '000
ASSETS			
Cash Resources			
Cash on hand and at Bank of Jamaica	7	11,545,517	7,788,594
Fixed deposits and balances with other banks and financial institutions		5,900,292	5,550,899
Cheques and other instruments in the course of collection		<u>1,061,512</u>	<u>765,243</u>
		18,507,321	14,104,736
Investments			
Government of Jamaica securities and other investments		48,129,160	52,455,163
Securities purchased under agreements to resell		3,583,847	4,127,391
Investments in subsidiaries		<u>2,104,197</u>	<u>1,694,035</u>
		53,817,204	58,276,589

Loans and Advances Less Provision for Losses	8	12,631,693	8,155,989
Customers' Liability on Ex-Im Bank Discount		157,517	223,310
Customers' Liability on Acceptances, Guarantees, Indemnities and Credits		2,450,947	1,787,193
Other Assets	9	2,663,276	3,624,686
Fixed Assets	10	1,894,143	1,478,897
		<u>92,122,101</u>	<u>87,651,400</u>
		=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits and Other Liabilities			
Deposits and current accounts of customers		61,800,434	58,242,684
Amounts due to other banks and financial institutions		2,839,875	1,198,718
Cheques and other instruments in the course of payment		1,249,230	772,729
Other liabilities	11	<u>2,971,030</u>	<u>3,926,367</u>
		68,860,569	64,140,498
Liability on Ex-Im Bank Discount		157,517	223,310
Liability on Acceptances, Guarantees, Indemnities and Credits		2,450,947	1,787,193
Obligations Under Repurchase Agreements		5,681,191	8,330,174
Obligations Under Credit Card and Cash Advance Securitization Arrangements	12	5,259,210	4,105,026
Stockholders' Equity			
Share capital	13	2,466,763	1,973,410
Share premium		3,998,968	3,998,968
Share redemption reserve fund	-		450,000
Capital reserve	14	1,163,108	753,288
Banking reserve fund	15	530,000	530,000
Retained earnings reserve	16	911,897	911,897
Retained earnings		<u>641,931</u>	<u>447,636</u>
		9,712,667	9,065,199
		<u>92,122,101</u>	<u>87,651,400</u>
		=====	=====

Nine months ended 2002 June 30

			Share						
			Redemption						
	Share	Share	Reserve	Capital	Banking	Retained	Retained		
Note	Capital	Premium	Fund	Reserve	Reserve	Earnings	Earnings		Total
	\$'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	-	-	-	-	-	-	568,161		568,161
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	-	-	-	181,484	-	-	-		181,484
Gain on revaluation of fixed assets	-	-	-	12,207	-	-	-		12,207
Balance at 2001 June 30	1,973,410	3,998,968	450,000	714,541	518,000	911,897	949,846		9,516,662
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	-	-	-	-	-	-	454,724		454,724
Bonus Issue	493,353		(450,000)				(43,353)		-
Dividend	-	-	-	-	-	-	(217,076)		(217,076)
Gain on revaluation of subsidiaries	-	-	-	409,820	-	-	-		409,820
Balance at 2002 June 30	2,466,763	3,998,968	-	1,163,108	530,000	911,897	641,931		9,712,667

Statement of Cash Flows

Nine months ended 2002 June 30

	Note	2002 \$'000	2001 \$'000
Cash Flows from Operating Activities			
Net profit		454,724	568,161
Adjustments to net income to arrive at net cash used in operating activities:			
Provision for loan losses, net of release		91,925	(470,648)
Depreciation		197,098	315,740
Gain on sale of fixed assets		(11,217)	(38,300)
Interest accrued on FINSAC Bonds Repo		-	1,385,854
Interest earned on FINSAC bonds		-	(5,260,449)
Cheques and other instruments in transit		180,231	412,662
Other, net		389,683	(4,310,212)
Net cash provided/(used) in operating activities		<u>1,302,444</u>	<u>(7,397,192)</u>
Cash Flows from Investing Activities			
Investments		3,932,692	8,473,834
Loans and advances		(4,567,629)	753,195
Securities purchased under agreements to resell		543,544	(1,172,210)
Additions to fixed assets, net		(601,126)	(106,301)
Net cash provided in investing activities		<u>(692,519)</u>	<u>7,948,518</u>
Cash Flows from Financing Activities			
Deposits and current accounts of customers		3,557,750	1,111,351
Dividend Paid		(217,076)	(98,671)
Drawdowns/(repayments) under arrangements for sale of future receivables from credit card and cash advance transactions		1,154,184	-
Amounts due to other banks and financial institutions		1,641,157	(450,564)
Obligations under repurchase agreements		(2,648,983)	(3,167,965)
Other Liabilities		9,359	(61,178)
Net cash provided/(used) by financing activities		<u>3,496,391</u>	<u>(2,667,027)</u>
Net increase/(decrease) in cash and cash equivalents		<u>4,106,316</u>	<u>(2,115,701)</u>

Cash and cash equivalents at beginning of year	13,339,493	13,413,932
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>17,445,809</u>	<u>11,298,231</u>
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Notes to the Financial Statements

2002 June 30

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:

	<u>Principal Activities</u>	<u>Percentage ownership by Bank 2002 June 30</u>
Data-Cap Processing Limited	Data Processing	100
Edward Gayle and Company Limited	Primary Dealer and Stock Broker	50.5
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
N.C.B Remittance Service Limited	Money Transfers	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:

	The Group		The Bank	
	2,002	2,001	2,002	2,001
	\$'000	\$'000	\$'000	\$'000
Provision for Non-Performing Loans	94,154	(470,648)	91,925	(470,648)
Depreciation	209,635	331,724	197,098	315,740
	=====	=====	=====	=====

4 Taxation

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

	The Group		The Bank	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Income tax at 33 1/3%	38,658	27,291	-	-
Tax on premium income at 1 1/2%	10,305	5,142	-	-
Investment income tax at 7 1/2%	13,121	6,965	-	-
	62,084	39,398	-	-
	=====	=====	=====	=====

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 \$602,717,000 from the Government of Jamaica Local Registered Stocks that were issued to replace the FIS bonds.

5 Extraordinary items

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

Effective 2001 December 1, NCB (Investments) Limited, a subsidiary of the Bank, transferred Zentor Limited, Pembroke Hotel Enterprises Limited and Club Jamaica Beach Resort Limited to FINSAC pursuant to the approval Scheme of Arrangement.

6 Earnings Per Ordinary Stock Unit

Earnings per ordinary stock unit is based on 2,466,762,828 ordinary stock units, being the number of stock units in issue after the bonus issue in May 2002. The prior year earnings per share has been restated to reflect the effect of the bonus issue.

7 Statutory Reserves and Deposits

Cash includes \$5,575,535,524 (2001 - \$5,905,677,040), 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 \$4,023,389,461 (2001 - \$4,397,179,834) is non-interest-bearing.

8 Provision for Loan Losses

Movements during the nine months were as follows:

	<u>The Group</u>		<u>The Bank</u>	
	2002	2001	2002	2001
	\$ '000	\$ '000	\$ '000	\$ '000
Non-performing loans - interest not being				

accrued	1,616,490	1,826,892	1,588,986	1,924,093
	=====	=====	=====	=====
Balance at beginning of year	2,658,574	3,500,665	2,652,662	3,496,060
Provided during the period, net of recoveries	94,154	(470,648)	91,925	(470,648)
Amounts written off	(142,637)	(109,712)	(142,637)	(109,712)
Balance at end of the quarter	2,610,091	2,920,305	2,601,950	2,915,700
	=====	=====	=====	=====
This comprises:				
Specific provision	2,394,618	2,841,456	2,388,689	2,840,138
General provision	215,473	78,849	213,261	75,562
	=====	=====	=====	=====

At 2002 June 30, 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 \$2,108,393,000 (2001 - \$2,693,162,000) for the Group and \$1,411,996,000 (2001 - \$2,181,097,000) for the Bank.

10 Fixed Assets

	The Group					Total \$'000
	Freehold Land and Buildings \$'000	Leasehold Improvements \$'000	Furniture, Equipment & Vehicles \$'000	Assets Capitalised Under Finance Leases \$'000	Construction in progress \$'000	
Cost or Valuation -						
At 2001 October 1	1,117,958	266,551	835,979	791,083	91	3,102,925
Additions	165,010	4,540	154,958	4,485	323,666	652,659
Disposals	(5,602)	(18,719)	(7,631)	(11,442)	-	(43,394)
Transfers	33,648	-	(19,661)	95,036	(109,023)	-

Reclassification	(25,883)	-	(342)	-	22,385	(3,840)
At 2002 June 30	1,285,131	252,372	963,303	879,162	328,382	3,708,350
Depreciation -						
At 2001 October 1	167,029	208,450	589,152	627,010	-	1,591,641
Charge for the period	18,018	7,031	110,296	74,620	-	209,965
Disposals	(929)	(14,180)	(7,034)	(7,348)	-	(29,491)
Transfers	-	-	-	-	-	-
Reclassification	-	-	(3)	(17)	-	(20)
At 2002 June 30	184,118	201,301	692,411	694,265	-	1,772,095
Net Book Value -						
2002 June 30	1,101,013	51,071	270,892	184,897	328,382	1,936,255
2001 June 30	960,795	54,253	248,677	182,412	56,909	1,503,046

The Bank						
	Freehold Land and Buildings \$'000	Leasehold Improvements \$'000	Furniture, Equipment & Vehicles \$'000	Assets Capitalised Under Finance Leases \$'000	Construction in progress \$'000	Total \$'000
Cost or Valuation -						
At 2001 October 01	1,092,075	255,650	754,499	793,219	115,098	3,010,541
Additions	165,010	-	131,765	4,485	323,670	624,930
Disposals	(5,602)	(14,180)	(387)	(11,443)	-	(31,612)
Transfers	33,648	-	(19,661)	95,036	(109,023)	-
Reclassification	-	-	(341)	(2,135)	(1,363)	(3,839)
At 2002 June 30	1,285,131	241,470	865,875	879,162	328,382	3,600,020
Depreciation -						
At 2001 October 1	167,030	202,957	534,646	627,009	-	1,531,642
Charge for the period	18,018	5,843	98,617	74,620	-	197,098
Disposals	(930)	(14,180)	(385)	(7,348)	-	(22,843)
Transfers	-	-	-	-	-	-
Reclassification	-	-	(3)	(17)	-	(20)
At 2002 June 30	184,118	194,620	632,875	694,264	-	1,705,877
Net Book Value -						
2002 June 30	1,101,012	46,851	233,000	184,898	328,382	1,894,143

2001 June 30	960,796	48,675	225,060	182,412	56,908	1,473,851
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- (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 14).
- (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 \$221,541,000 (2001- \$808,359,000) 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 \$683,903,000 (2001-\$676,466,000).
- (c)Interest accrued on promissory notes and certificates of participation and liabilities of a subsidiary of the Bank totalling \$162,516,000 (2001- \$ 176,028,000).
- (d)An amount of \$242,499,000 (2001- \$227,329,000) representing a US dollar denominated demand loan from Barclays Bank plc to a subsidiary of the Bank. The interest rate on the loan at 30 June 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	<u>2,466,763</u> 2,466,763 =====	<u>1,973,410</u> 1,973,410 =====

In May 2002 the issued share capital was increased by \$493,352,566 through a bonus issue of one share for every four held at the record date. These bonus shares were issued as fully paid from the Capital Redemption Reserve Fund and from the Retained Earnings.

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)	(77,277)	-	-
Retained earnings capitalised	116,500	-	-	-

Unrealised:

Surplus on revaluation of fixed assets and investments	96,780	91,206	47,904	47,904
Surplus on revaluation of subsidiaries	-	-	802,582	354,015
Gain on translation of foreign subsidiary	141,171	118,143	-	-
	<u>378,134</u>	<u>225,214</u>	<u>1,163,108</u>	<u>714,541</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 30 June 2002 and 30 June 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 nine months ended 2002 June 30 amounted to \$57,263,000 (2001 - \$40,823,000)