

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

Consolidated Profit and Loss Account

Twelve Months ended 2002 September 30

NATIONAL COMMERCIAL BANK JAMAICA LIMITED "the Bank" AND ITS SUBSIDIARIES

"Banking Group"

The Directors of the Bank have today released the following Audited Results of the Banking Group for the quarter and twelve months respectively ended September 30 2002.

	QUARTER ENDED 09.30.2002 \$'000	12 MONTHS ENDED 09.30.2002 \$'000	QUARTER ENDED 09.30.2001 \$'000	12 MONTHS ENDED 09.30.2001 \$'000
REVENUE	3,027,323	14,460,808	3,139,176	14,039,817
EXPENSES	<u>(1,429,932)</u>	<u>(11,931,971)</u>	<u>(2,611,126)</u>	<u>(12,237,749)</u>
Operating Profit	1,597,391	2,528,837	528,050	1,802,068
Exceptional Items	<u>(319,551)</u>	<u>(319,551)</u>	<u>(922,460)</u>	<u>(1,322,460)</u>
Profit Before Tax and Extraordinary Items	1,277,840	2,209,286	(394,410)	479,608
Taxation	<u>(123,917)</u>	<u>(186,001)</u>	2,790	(36,608)
Profit after Taxation and before	1,153,923	2,023,285	(391,620)	443,000

Extraordinary Items				
Minority interest in results of subsidiaries	(8,631)	(63,121)	(17,813)	(47,558)
	<u>1,145,292</u>	<u>1,960,164</u>	<u>(409,433)</u>	<u>395,442</u>
Extraordinary Items	-	-	(28,721)	(25,528)
NET PROFIT	<u>1,145,292</u>	<u>1,960,164</u>	<u>(438,154)</u>	<u>369,914</u>
EARNINGS PER STOCK UNIT				
Before extraordinary items		\$0.79		\$0.16
		<u> </u>		<u> </u>
After extraordinary items		\$0.79		\$0.15
		<u> </u>		<u> </u>

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

CONSOLIDATED BALANCE SHEET

	2002	2001
	\$'000	\$'000
ASSETS		
Cash Resources		
Cash on hand and at Bank of Jamaica	<u>7,499,096</u>	<u>7,857,431</u>
Fixed deposits and balances with other banks and financial institutions	5,890,708	5,641,220
Cheques and other instruments in the course of collection	<u>521,863</u>	<u>763,363</u>
	<u>13,911,667</u>	<u>14,262,014</u>
Investments		
Government of Jamaica securities and other investments	<u>66,732,916</u>	<u>65,268,554</u>
Investment properties	17,442	16,100
	<u>66,750,358</u>	<u>65,284,654</u>
<u>Securities Purchased Under Agreements to Resell</u>	10,405,901	8,613,235

Loans and Advances Less Provision for Losses	15,199,047	8,279,420
Customers' liability on Ex-Im and Central Bank Discount	163,791	223,310
Customers' Liability on Acceptances, Guarantees, Indemnities and Credits	1,946,734	1,594,617
Other Assets	4,068,970	4,988,256
Fixed Assets	2,466,039	1,511,277
	<u>114,912,507</u>	<u>104,756,783</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits and Other Liabilities

Deposit and current accounts Of Customers	63,365,179	58,351,974
Promissory notes and certificates of Participation	11,089,137	10,692,790
Amounts due to other banks and financial institutions	2,320,274	1,196,953
Cheques and other instruments in the course of payment	951,693	812,905
Taxation	149,339	8,725
Other liabilities.	<u>3,617,299</u>	<u>4,723,280</u>
	81,492,921	75,786,627
Liability on EX-Im and Central Bank Discount	163,791	223,310

Liability on Acceptances, Guarantees, Indemnities and Credits

	1,946,734	1,594,617
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Obligations Under Repurchase Agreements

	11,897,440	11,227,707
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Obligations Under Credit Card and Cash Advance Securitization Arrangements

	5,055,483	4,105,026
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Policyholders' Liabilities

	3,217,521	2,298,466
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Deferred Profit

	360,859	333,961
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Minority Interest in Subsidiaries

	-	121,870
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Stockholders' Equity

Share capital	2,466,763	1,973,410
Share premium	4,453,752	4,453,752
Share redemption reserve fund	-	450,000
Capital reserve	421,270	278,462
Banking reserve fund	762,974	533,974
Retained earnings reserve	911,897	911,897
Retained earnings	<u>1,761,102</u>	<u>463,704</u>
	<u>10,777,758</u>	<u>9,065,199</u>
	<u>114,912,507</u>	<u>104,756,783</u>
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Year ended	Year ended
	Sept. 30, 2002	Sept. 30, 2001
	\$'000	\$'000
Balance at September 2001	9,065,199	9,301,508
Net profit	1,960,164	369,914
Effects of scheme of arrangement	-	(450,000)
Dividends/capital distribution	(340,413)	(98,671)
Withholding tax	-	(2,577)
Translation gains	26,708	18,174
Reserve/goodwill on consolidation	17,579	(79,247)
Increase/decrease in revaluation of investments	48,521	(6,109)
Other	-	12,207
Balance at September 30 2002	10,777,758	9,065,199

Net Profit of the Banking Group for the year ended September 30, 2002 was J\$1.9 billion compared to J\$370 million for the previous year. The strong performance of the Group is due to increased earnings from loans coupled with improvement in the quality of the loan portfolio and continued reduction in expenses.

Highlights are as follows:

- * Return on average equity was 20% compared to 4.3% in the previous year,
- * The ratio of non-interest expenses to operating income was 68% compared to 92% in the previous year.
- * Dividend per share was 16 cents at the end of the fiscal year compared to 10 cents in the previous year,

REVENUES

During the year the Group's total revenue increased from J\$14.0 billion to J\$14.5 billion an increase of 3% due mainly to:

- * Growth in income from loans of 22% or J\$323 million
- * Growth in income from foreign exchange operations of 102% or J\$376 million
- * Growth in fee and commissions of 3% or J\$40 million

Operating income (net interest income plus non-interest income) was J\$6.9 billion compared to J\$6.2 billion in the previous year an increase of 12%.

NET INTEREST INCOME

Net interest income of J\$4.7 billion increased by J\$249 million or 5.5% due to a 4% reduction in interest expenses. The growth in net interest income is in spite of a reduction of J\$392 million in income from securities.

NON-INTEREST EXPENSES

The control of expenses contributed significantly to the Group's improved performance in 2002. Total non-interest expenses were J\$4.7 billion compared to J\$5.7 billion for the previous year, a reduction of 17.4%. Non-interest expenses were 68% of operating income, a significant improvement over the previous year's ratio of 92%.

Non-interest expenses excluding provision for non-performing loans were J\$5.2 billion compared to J\$6.4 billion in the previous year, a decrease of 19.5% or J\$1.2 billion. This was due to reductions in the following items of expenditure:

- > Provision for decline in value of fixed rate investments.
- > Up front cost of credit card and cash advance securitization
- > Provision for restructuring costs.

These expenses are disclosed as an exceptional item, J\$320 million compared to J\$1.3 billion in the previous year.

LOAN PORTFOLIO

Loan volume increased by J\$6.9 billion or 84% compared to the previous year while the non-performing portfolio decreased from J\$1.9 billion to J\$1.6 billion a reduction of J\$367 million or 19%. Non-performing loans represent 9% of gross loans compared to 18% in the previous year.

As at September 30 2002 total loan loss provision was J\$2.1 billion or 132% of non-performing loans. The Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

BALANCE SHEET

During the year the Group's assets increased by J\$10.2 billion or 9,7% to J\$115 billion. This increase is mainly attributable to growth in loans and securities purchased under agreements to resell J\$6.9 billion and J\$1.8 billion respectively. The growth in assets was funded by increases in customers' deposits of J\$5.0 billion, credit card and cash advance securitization of J\$.950 billion and Omni's pollycholders' liabilities of J\$1.0 billion.

CAPITAL

National Commercial Bank continues to be one of the best capitalized banks in Jamaica. At the end of the year stockholders' equity stood at J\$10.8 billion an increase of J\$1.7 billion or 19% over the previous year.

The Directors have approved the payment of an interim dividend (out of Retained Earnings) of 5 cents per stock unit. This will be paid on December 23 2002 to stockholders on the register as at December 13 2002.

Two copies of the audited accounts will be sent under separate cover and the additional information required is as follows: