

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

Quarter ended December 31, 2004

	Note	Quarter Ended 31 Dec 2004 \$'000	Quarter Ended 31 Dec 2003 \$'000
Operating Revenue			
Interest income from loans		1,513,188	1,133,166
Interest income from securities		3,711,055	4,588,681
Total interest income		5,224,243	5,721,847
Interest expense		(2,663,223)	(3,167,417)
Net interest income		2,561,020	2,554,430
Net fee and commission income		555,574	398,836
Net trading income	4	812,202	189,059
Other operating income		41,991	39,665
		<u>3,970,787</u>	<u>3,181,990</u>
Operating Expenses			
Staff costs		1,329,261	1,187,487
Provision for credit losses		165,007	34,777
Depreciation		251,563	144,626
Other operating expenses		875,678	844,976
		<u>2,621,509</u>	<u>2,211,866</u>
Operating profit		1,349,278	970,124
Share of profits of associates		47,736	-
Profit before taxation		1,397,014	970,124
Taxation	5	(326,083)	(223,916)
Net Profit		1,070,931	746,208
		=====	=====
EARNINGS PER STOCK UNIT	6	\$0.43	\$0.30
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Consolidated Balance Sheet

	Note	December 2004 \$'000	September 2004 \$'000
ASSETS			
Cash and balances at Bank of Jamaica	7	15,497,825	13,986,481
Due from other banks		12,526,488	13,659,635
Trading securities		783,465	293,885
Reverse repurchase agreements	8	21,322,071	21,372,536
Loans and advances, net of provision for credit losses		37,465,353	34,024,628
Investment securities		77,373,706	77,494,225
Investment in associates	10	1,947,964	1,163,192
Investment properties		9,800	21,300
Property, plant and equipment		4,360,960	4,432,289
Retirement benefit asset		7,602	7,602
Income tax recoverable		480	244,001
Other assets	12	7,964,349	6,081,825
Customers' liability on acceptances, guarantees, indemnities and letters of credits		4,967,950	3,090,418
Total Assets		184,228,013	175,872,017
LIABILITIES			
Due to other banks		5,842,246	6,794,790
Customer deposits		81,579,434	79,862,280
Derivative financial instruments		25,551	44,983
Promissory notes and certificates of participation		9,456,256	9,768,128
Repurchase agreements		36,681,264	37,496,253
Obligations under credit card and cash advance securitisation arrangements	13	12,194,834	9,427,736
Other borrowed funds		1,115,868	1,069,318
Income tax payable		759,075	405,854
Deferred tax liabilities	11	785,420	852,926
Policyholders' liabilities		7,487,294	6,912,610
Provisions	14	146,873	117,000
Retirement benefit obligations		209,879	209,879
Other liabilities	15	4,629,690	3,525,837
Liability on acceptances, guarantees, indemnities and letters of credits		4,967,950	3,090,418
Total Liabilities		165,881,634	159,578,012

STOCKHOLDERS' EQUITY

Share capital	16	2,466,763	2,466,763
Share premium		4,453,752	4,453,752
Fair value and other reserves		1,737,459	1,266,714
Loan loss reserve	17	109,540	111,650
Banking reserve fund	18	1,327,000	1,327,000
Retained earnings reserve	19	3,119,761	3,119,761
Retained earnings		5,132,104	3,548,365
Total Stockholders' Equity		<u>18,346,379</u>	<u>16,294,005</u>
Total Equity and Liabilities		<u>184,228,013</u>	<u>175,872,017</u>

Approved for issue by the Board of Directors on 27 January 2005 and signed on its behalf by:

Director

Director

Director

Secretary

Consolidated Statement of Changes in Stockholders' Equity

	Share Capital \$'000	Fair Value Share and Other Premium Reserves \$'000	Loan Loss Reserve \$'000	Banking Reserve Fund \$'000	Retained Earnings Reserve \$'000	Retained Earnings \$'000	Total \$'000	
Balance as at 1 October 2003	2,466,763	4,453,752	270,773	72,891	1,078,000	1,218,761	3,852,438	12,871,832
Currency translation differences	-	-	1,777	-	-	-	-	1,777
Unrealised losses on available-for-sale investments, net of taxes	-	-	(53,276)	-	-	-	-	(53,276)
Net losses not recognised in Consolidated Profit and Loss Account	-	-	(51,499)	-	-	-	-	(51,499)
Net Profit	-	-	-	-	-	746,208	746,208	746,208
Dividends paid	-	-	-	-	-	(148,006)	(148,006)	(148,006)
Transfer to Loan Loss Reserve	-	-	-	77,568	-	(77,568)	(77,568)	-
Balance as at 31 December 2003	2,466,763	4,453,752	(322,272)	150,459	1,078,000	1,218,761	4,373,072	13,418,535
Balance as at 1 October 2004	2,466,763	4,453,752	1,266,714	111,650	1,327,000	3,119,761	3,548,365	16,294,005
Currency translation differences	-	-	(8,930)	-	-	-	-	(8,930)
Unrealised gains on available-for-sale investments, net of taxes	-	-	460,126	-	-	-	-	460,126
Realised fair value losses transferred to Consolidated Profit & Loss Account	-	-	15,923	-	-	-	-	15,923
Net gains not recognised in Consolidated Profit and Loss Account	-	-	467,119	-	-	-	-	467,119
Net profit	-	-	-	-	-	1,070,931	1,070,931	1,070,931
Dividends paid	-	-	-	-	-	(222,009)	(222,009)	(222,009)
Negative goodwill transferred to retained earnings on adoption of IFRS 3	-	-	-	-	-	752,207	752,207	752,207
Transfer from Loan Loss Reserve	-	-	-	(2,110)	-	2,110	2,110	-
Other	-	-	3,626	-	-	(19,500)	(19,500)	(15,874)
Balance as at 31 December 2004	2,466,763	4,453,752	1,737,459	109,540	1,327,000	3,119,761	5,132,104	18,346,379

Consolidated Statement of Cash Flows

	Note	December 2004 \$'000	December 2003 \$'000
Cash Flows from Operating Activities			
Net cash (used in)/provided by activities	20	<u>(1,027,861)</u>	<u>1,162,696</u>
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment, net		(169,889)	(258,747)
Investment Securities, net		<u>(673,690)</u>	<u>3,239,909</u>
Net cash (used in)/provided by investing activities		<u>(843,579)</u>	<u>2,981,162</u>
Cash Flows from Financing Activities			
Drawdowns under credit card and cash advance securitisation arrangements		2,757,384	-
Repayments under credit card and cash advance securitisation arrangements		-	(321,207)
Other borrowed funds		46,550	137,478
Dividends paid		<u>(222,009)</u>	<u>(148,006)</u>
Net cash provided by/(used in) financing activities		<u>2,581,925</u>	<u>(331,735)</u>
Net increase in cash and cash equivalents		710,485	3,812,123
Cash and cash equivalents at beginning of period		<u>14,892,665</u>	<u>6,078,693</u>
Cash and cash equivalents at end of period		<u>15,603,150</u>	<u>9,890,816</u>
		=====	=====
Comprising:			
Cash and balances at Bank of Jamaica		5,455,438	5,776,610
Due from other banks		12,526,488	8,130,528
Investment securities		3,463,470	601,574
Due to other banks		<u>(5,842,246)</u>	<u>(4,617,896)</u>
		<u>15,603,150</u>	<u>9,890,816</u>
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Segment Reporting

The Group is organised into three main business segments:

- (a) Banking - This incorporates retail and corporate banking services.
- (b) Wealth management - This incorporates stock brokerage, securities trading, investment management, pension fund management and trustee services.
- (c) Insurance - This incorporates life insurance and insurance brokerage services.

Other operations of the Group include data processing, money remittance services and registrar and transfer agent services.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas account for less than 10 percent of the Group's external operating revenue, assets and capital expenditures.

Quarter ended						Consolidated
31 December 2004	Banking	Wealth Management	Insurance	Other	Eliminations	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	4,192,243	2,115,138	320,424	6,205		6,634,010
Operating revenues from other segments	13,409	57,779	59,596	8,364	(139,148)	-
Operating revenue	<u>4,205,652</u>	<u>2,172,917</u>	<u>380,020</u>	<u>14,569</u>	<u>(139,148)</u>	<u>6,634,010</u>
Segment result	530,139	701,315	120,322	(2,498)		1,349,278
Share of profit of associates						<u>47,736</u>
Profit before tax						1,397,014
Taxation expense						<u>(326,083)</u>
Net Profit						1,070,937
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Segment assets	126,208,753	50,110,826	8,576,125	315,716	(2,931,851)	182,279,569
Associates						1,947,964
Unallocated assets						480

Total Assets						184,228,013
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Segment liabilities	114,064,820	45,306,525	7,607,462	330,962	(2,972,630)	164,337,139
Unallocated liabilities						1,544,495
Total liabilities						165,881,634
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Depreciation	241,703	6,968	2,415	477		251,563
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Quarter ended

31 December 2003

	Banking	Management	Wealth	Other	Eliminations	Consolidated
	\$'000	\$'000	Insurance	\$'000	\$'000	\$'000
			\$'000			
External operating revenue	4,831,244	1,282,886	232,720	2,557	-	6,349,407
Operating revenues from other segments	10,380	596,797	96,003	11,920	(715,100)	-
Operating revenue	<u>4,841,624</u>	<u>1,879,683</u>	<u>328,723</u>	<u>14,477</u>	<u>(715,100)</u>	<u>6,349,407</u>
Segment result	667,158	239,191	65,097	(1,322)		970,124
Taxation expense						(223,916)
Net Profit						746,209
						=====
Segment assets	119,187,070	40,796,231	5,138,280	62,275	(14,767,718)	150,416,138
Unallocated assets						302,240
Total Assets						150,718,378
						=====
Segment liabilities	107,914,639	38,552,834	4,925,935	58,345	(14,767,718)	136,684,035
Unallocated liabilities						615,808
Total liabilities						137,299,843
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Depreciation	137,386	5,427	1,813	-	-	144,626
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