

**NCB CAPITAL MARKETS LIMITED REPORTS NET PROFIT OF \$653 MILLION FOR THE SIX MONTHS ENDED 31 MARCH 2009**

The Board of Directors hereby releases the following unaudited results for the Company for the six months ended 31 March 2009.

**PERFORMANCE HIGHLIGHTS**

**Half Year ended March 2009 compared with Half Year ended March 2008 -**

- Net Profit of \$653 million, compared to \$1,020.7 million. The net profit for the six months ended March 2008 included a one-off pre-tax gain of \$336 million.
- Operating Revenue of \$1,043.7 million, compared to \$1,579.8 million.
- Operating Expenses of \$331.4 million, compared to \$352.7 million.
- Cost to Income Ratio of 31.76% vs. 22.33%.
- Investment Securities of \$67.2 billion, an increase of \$7.1 billion over last year.
- Repurchase Agreements of \$59 billion, increasing by \$10.2 billion since last year.
- Return on Average Equity of 18.74% vs. 24.67%.
- Capital to Total Assets of 9.37% vs. 13.75%.

**NET PROFIT**

The following is a summary of the unaudited results for the second quarter and six months ended 31 March 2009:

	<i>CURRENT YEAR</i>		<i>PRIOR YEAR</i>	
	<b>Quarter ended March 2009 \$'000</b>	<b>Six Months ended March 2009 \$'000</b>	<b>Quarter ended March 2008 \$'000</b>	<b>Six Months ended March 2008 \$'000</b>
Operating Revenue	493,576	1,043,712	879,050	1,579,843
Operating Expenses	200,190	331,431	177,172	352,740
<b>Profit before taxation</b>	<b>293,386</b>	<b>712,281</b>	<b>701,878</b>	<b>1,227,103</b>
Taxation	(123,209)	( 58,857)	( 97,890)	(206,414)
<b>Net Profit</b>	<b>170,177</b>	<b>653,424</b>	<b>603,988</b>	<b>1,020,689</b>
<b>Earnings per stock unit</b>	<b>\$0.14</b>	<b>\$0.54</b>	<b>\$0.50</b>	<b>\$0.85</b>

## **Operating Revenue**

Total income for the six months was \$1, 043.7 million, representing a reduction of \$536.1 million or 33.9% when compared to the period ended 31 March 2008. The decline reflects the adverse developments in both the local and international environments which have been impacted by subdued bond and equity markets arising from the global credit crunch. For the 2008/2009 financial year, the company will continue to focus on the prudent management and growth of interest rate spreads while maintaining a very competitive position in the market.

## **Operating Expenses**

Operating expenses totalled \$331.4 million, representing a decline of \$21.3 million or 6.04% when compared to the first six months of the previous year. Other operating costs increased by \$27.96 million or 18.5%, which was driven mainly by the effects of inflation as well as increased activity in certain areas. For the 2008/2009 financial year, we will continue to pursue cost management strategies and maximise operational efficiencies.

## **BALANCE SHEET**

The Company's asset base as at 31 March 2009 was \$70 billion, reflecting an increase of \$3.85 billion or 5.8%, compared to 30 September 2008. The growth in assets over the six month period was mainly funded by increases in repurchase agreements of \$4.27 billion or 7.8%. Total liabilities at 31 March 2009 amounted to \$63.5 billion, comprised mainly of repurchase agreements totalling \$59 billion.

At 31 March 2009, total stockholders' equity was \$6.6 billion, a decline of \$830 million or 11.2% when compared to \$7.4 billion at 30 September 2008. The main contributing factors were the net decrease in the fair value reserve by \$1.48 billion (due mainly to net mark to market losses on available-for-sale securities) and the increase in the company's retained earnings by \$653 million. At 31 March 2009, the company's capital to risk-weighted assets ratio was 55.68%, which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.

**PREFERENCE DIVIDEND**

On 21 January 2009, the Board of Directors approved the payment of the fifth semi-annual dividend of 11.75% per annum to all stockholders of the 11.75% per annum Cumulative Redeemable "A" Preference Stock Units on record as at 22 January 2009. The approved dividend represented a dividend of 17.625 cents per stock unit.

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**ON BEHALF OF THE BOARD**

# NCB Capital Markets Limited

## Profit and Loss Account

Six Months Ended 31 March 2009

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter Ended	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Mar 2008	31 Mar 2008
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>					
Interest income	2,035,253	1,845,694	3,880,947	1,549,869	3,036,306
Interest expense	(1,623,861)	(1,464,168)	(3,088,029)	(1,121,054)	(2,193,831)
Net interest income	411,392	381,526	792,918	428,815	842,475
Gains on investment activities	41,996	122,630	164,626	408,735	624,032
Dividend income	25,738	11,156	36,894	13,190	18,012
Other operating income	14,450	34,824	49,274	28,310	95,324
	82,184	168,610	250,794	450,235	737,368
	<b>493,576</b>	<b>550,136</b>	<b>1,043,712</b>	<b>879,050</b>	<b>1,579,843</b>
<b>Operating Expenses</b>					
Staff costs	106,279	45,770	152,049	99,325	201,315
Other operating expenses	93,911	85,471	179,382	77,847	151,425
	200,190	131,241	331,431	177,172	352,740
<b>Profit before Taxation</b>	<b>293,386</b>	<b>418,895</b>	<b>712,281</b>	<b>701,878</b>	<b>1,227,103</b>
Taxation (charge)/credit	(123,209)	64,352	( 58,857)	(97,890)	( 206,414)
<b>NET PROFIT</b>	<b>170,177</b>	<b>483,247</b>	<b>653,424</b>	<b>603,988</b>	<b>1,020,689</b>
<b>EARNINGS PER STOCK UNIT</b>	<b>\$0.14</b>	<b>\$0.40</b>	<b>\$0.54</b>	<b>\$0.50</b>	<b>\$0.85</b>

# NCB Capital Markets Limited

## Balance Sheet

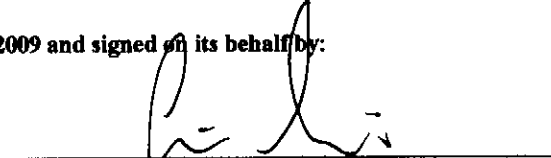
31 March 2009

	31 March 2009 \$'000	30 September 2008 \$'000	31 March 2008 \$'000
<b>ASSETS</b>			
Cash and deposits	552,727	317,658	843,578
Investment securities at fair value through profit or loss	462,093	916,906	1,231,155
Reverse repurchase agreements	8,891,156	8,451,362	3,826,998
Investment securities – available-for-sale	33,270,546	55,232,163	55,056,862
Investment securities – loans and receivables	24,589,210	-	-
Receivable from clients	145,764	14,935	21,595
Receivable from brokers	144,351	20,350	100,551
Deferred income tax asset	1,183,323	618,419	-
Other assets	309,211	184,797	392,533
Income tax recoverable	426,570	364,072	64,995
Retirement benefit asset	13,077	13,077	11,627
Property, plant and equipment	14,557	15,110	15,062
Intangible assets – computer software	11,015	11,026	12,626
<b>Total Assets</b>	<b>70,013,600</b>	<b>66,159,875</b>	<b>61,577,582</b>
<b>LIABILITIES</b>			
Repurchase agreements	59,016,573	54,748,155	48,860,965
Promissory notes and certificates of participation	54,723	4,626	68,085
Payable to clients	163,262	24,339	45,137
Payable to brokers	229,321	20,562	130,628
Redeemable preference shares	1,109,082	1,108,687	1,102,899
Deferred income tax liability	-	-	19,355
Other borrowed funds	2,370,550	2,366,302	2,502,551
Other liabilities	510,239	497,344	377,575
<b>Total Liabilities</b>	<b>63,453,750</b>	<b>58,770,015</b>	<b>53,107,195</b>
<b>EQUITY</b>			
Share capital	1,221,115	1,221,115	1,221,115
Fair value reserve	(2,440,144)	( 956,710)	( 121,287)
Capital reserve	11,142	11,142	11,142
Retained earnings	7,767,737	7,114,313	7,359,417
<b>Total Equity</b>	<b>6,559,850</b>	<b>7,389,860</b>	<b>8,470,387</b>
<b>Total Liabilities and Equity</b>	<b>70,013,600</b>	<b>66,159,875</b>	<b>61,577,582</b>

Approved for issue by the Board of Directors on 23 April 2009 and signed on its behalf by:



Patrick Hylton  
Chairman



Christopher Williams  
Director

# NCB Capital Markets Limited

## Statement of Changes in Equity

Six Months Ended 31 March 2009

	Share Capital	Fair Value Reserve	Capital Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 October 2007</b>	1,221,115	204,196	11,142	6,640,633	8,077,086
Realised gains on available-for-sale investments recognised in profit and loss account	-	( 247,310)	-	-	( 247,310)
Unrealised losses on available-for-sale investments	-	( 78,173)	-	-	( 78,173)
Net profit	-	-	-	1,020,689	1,020,689
Total recognised gains/(losses) for the period	-	( 325,483)	-	1,020,689	695,206
Ordinary dividend paid	-	-	-	( 301,905)	( 301,905)
<b>Balance at 31 March 2008</b>	1,221,115	( 121,287)	11,142	7,359,417	8,470,387
<b>Balance at 1 October 2008</b>	1,221,115	( 956,710)	11,142	7,114,313	7,389,860
Realised gains on available-for-sale investments recognised in profit and loss account	-	55,677	-	-	55,677
Unrealised losses on available-for-sale investments	-	(1,539,111)	-	-	(1,539,111)
Net profit	-	-	-	653,424	653,424
Total recognised gains/(losses) for the period	-	(1,483,434)	-	653,424	( 830,010)
<b>Balance at 31 March 2009</b>	1,221,115	(2,440,144)	11,142	7,767,737	6,559,850

# NCB Capital Markets Limited

## Statement of Cash Flows

Six Months Ended 31 March 2009

	<b>31 March 2009 \$'000</b>	<b>31 March 2008 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net profit	653,424	1,020,689
Changes in operating assets and liabilities	5,925,746	3,317,950
Adjustments to reconcile net profit	<u>( 182,779)</u>	<u>( 76,177)</u>
Net cash provided by operating activities	<u>6,396,391</u>	<u>4,262,462</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant, equipment	( 18)	( 5,268)
Acquisition of intangible assets - computer software	( 7,508)	( 2,983)
Proceeds from disposal of property, plant and equipment	-	815
Investment securities, net	<u>(4,790,285)</u>	<u>( 5,144,745)</u>
Net cash used in investing activities	<u>(4,797,811)</u>	<u>( 5,152,181)</u>
<b>Cash Flows from Financing Activities</b>		
Ordinary dividend paid	-	( 301,905)
Other borrowed funds	<u>4,248</u>	<u>655,448</u>
Net cash provided by financing activities	<u>4,248</u>	<u>353,543</u>
Net increase/(decrease) in cash and cash equivalents	1,602,828	( 536,176)
Cash and cash equivalents at beginning of period	2,299,759	2,528,223
Effect of exchange rate changes on cash & cash equivalents	<u>55,497</u>	<u>26,991</u>
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>3,958,084</u></u>	<u><u>2,019,038</u></u>
<b>Comprising:</b>		
Cash and deposits	552,727	843,578
Reverse repurchase agreements	<u>3,405,357</u>	<u>1,175,460</u>
	<u><u>3,958,084</u></u>	<u><u>2,019,038</u></u>

**1. Identification and Principal Activities**

NCB Capital Markets Limited (“the Company”) is a wholly-owned subsidiary of National Commercial Bank Jamaica Limited (“the Bank”). Both companies are incorporated under the laws of Jamaica. The Company is domiciled in Jamaica, with its registered office at 32 Trafalgar Road, Kingston 10. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael Lee-Chin, O.J.

The Company’s principal activities comprise those being a licensed securities dealer with the Financial Services Commission. The company listed on the Jamaica Stock Exchange in September 2006, and has primary dealer status from the Bank of Jamaica.

**2. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations issued by the International Accounting Standards Board (“IASB”), and the relevant provisions of the Jamaican Companies Act.

The financial statements are prepared on the historical cost basis, except for investments classified as fair value through profit or loss and available-for-sale which are stated at fair value. They are presented in the Company’s functional currency, Jamaican dollars, and are stated in thousands, unless otherwise stated.

**3. Significant accounting policies**

(a) Investments:

Investments classified as fair value through profit or loss, including those held for trading, are carried at fair value, with changes in fair value being recognised in the profit and loss account. Securities acquired by the Company by making funds available to debtors are classified as loans and receivables, provided they are not traded in an active market, and are measured at amortised cost less impairment losses. Other investments are classified as available-for-sale (“AFS”) and are stated at fair value, with gains or losses arising from changes in fair value being included in the fair value reserve, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses.

When the securities are disposed of, or impaired, the related accumulated unrealised gains or losses included in equity are transferred to the profit and loss account. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount.

The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset’s carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.



**3. Significant accounting policies (Cont'd)**

(a) Investments (Cont'd):

The fair value of investments is based on their quoted market bid price, if available, at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, fair value is estimated using a generally accepted alternative method such as discounted cash flow.

Investments are recognised or derecognised by the company on the date of settlement and are initially recognised at cost.

(b) Repurchase and reverse repurchase transactions:

Securities sold under repurchase agreements (repurchase agreements) and securities purchased under resale agreements (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(c) Preference shares:

Preference shares are included in the balance sheet as a liability and dividends paid thereon are treated as interest expense.

(d) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other business segments.

The vast majority of the Company's revenues arises in Jamaica, based on the geographical location of its clients. The vast majority of the Company's assets is located in Jamaica. At this time there are no material segments into which the Company's business may be broken down.

(e) Comparative information:

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period.

**NCB Capital Markets Limited**  
**Notes to the Financial Statements**  
**31 March 2009**

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**4. Share Capital**

	<b>31 March 2009 \$'000</b>	<b>31 March 2008 \$'000</b>
Authorised -		
1,219,304,000 ordinary shares at no par value		
500,000,000 variable rate cumulative redeemable "A" preference shares at no par value		
17,500,000 7% cumulative redeemable preference shares of US\$ 0.01 each		
Issued and Fully Paid Up -		
1,207,614,900 ordinary shares at no par value	1,207,615	1,207,615
Share premium	13,500	13,500
	<u>1,221,115</u>	<u>1,221,115</u>
350,768,080 11.75% cumulative redeemable "A" preference shares at no par value	<u>1,077,381</u>	<u>1,077,381</u>
	2,298,496	2,298,496
Less: Redeemable preference shares required by IFRS to be accounted for as liabilities in the financial statements (note 5)	<u>(1,077,381)</u>	<u>(1,077,381)</u>
	<u>1,221,115</u>	<u>1,221,115</u>

The 11.75% cumulative redeemable preference shares are redeemable at par at the Company's option. Any arrears of dividends must be paid at the date of redemption.

**5. Redeemable preference shares**

Interest-bearing borrowings comprise redeemable preference shares, details of which are set out in note 4. The amount is comprised of preference shares of \$1,077,381,000 (2008: \$1,077,381,000) and preference dividends payable of \$31,701,000 (2008: \$25,518,000), which have been recognised in the profit and loss account as interest expense. The preference shares will mature 42 months from the first date of issue in July 2006.