

The Board of Directors is pleased to release the following unaudited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the nine months ended 30 June 2011.

PERFORMANCE HIGHLIGHTS

Nine Months ended June 2011 compared with Nine Months ended June 2010

- Net Profit of \$9.27 billion, an increase of \$1.19 billion or 14.7%.
- Earnings per Stock Unit of \$3.77 grew by \$0.49 or 14.7%.
- Operating Income of \$26.19 billion, increased by 20.2% or \$4.41 billion.
- Cost to Income Ratio increased to 53.25% from 52.26%.
- Return on Average Assets increased to 3.62% from 3.38%.
- Total Assets of \$347.9 billion, increased by 7.9% or \$25.5 billion.
- Net Loans of \$90.8 billion, grew by 6.7% or \$5.7 billion.
- Customer Deposits of \$148.8 billion, increased by 7.7% or \$10.6 billion.
- Return on Average Equity decreased to 23.01% from 24.66%.
- Risk-Based Capital Adequacy Ratio decreased to 15.46% from 17.05%.

Quarter ended June 2011 compared with Quarter ended March 2011

- Net Profit of \$3.14 billion, increased by 0.8% or \$26 million.
- Earnings per Stock Unit of \$1.28 increased by 0.8%.
- Cost to Income Ratio decreased to 53.16% from 53.82%.
- Return on Average Assets decreased to 3.62% from 3.63%.
- Risk-Based Capital Adequacy Ratio increased to 15.46% from 15.12%.

The \$4.41 billion increase in Operating Revenue over the nine months ended June 2010 is mainly as a result of:

- insurance premium income, which increased by \$2.3 billion due to annuities booked,
- gain on foreign currency and investment activities, which increased by \$1.6 billion,

Operating Expenses increased by \$2.5 billion or 20.8% over the nine months ended June 2010, and this was primarily due to increased costs associated with the new annuity business. The expenses related to the annuity business increased by \$2.2 billion over the nine months ended June 2010.

SEGMENT PERFORMANCE

The Consumer & SME, Corporate Banking, and Treasury & Correspondent Banking segments which comprise the commercial banking activities, reported combined operating results of \$7.52 billion for the nine months ended 30 June 2011; this represents an increase of \$1.1 billion or 18% over the prior year.

The Consumer & SME segment reported improved results, with operating profits increasing by \$480 million or 25% over the nine months ended 30 June 2010. The improved results were driven mainly by growth in the loan portfolio.

Corporate Banking recorded a decline of \$693 million or 30% in its segment result when compared to the nine months ended 30 June 2010, and the reduction is attributed to a reduction in the rate of growth resulting in a lower loan balance, as well as a reduction in interest earning loans consequent on a large loan being classified in the second quarter.

Our Treasury & Correspondent Banking segment reported an increase in operating profits, improving by \$1.3 billion or 61% when compared to the nine months ended 30 June 2010, which was mainly due to an increase in gains on foreign currency and investment activities.

Loans and advances, which totalled \$90.8 billion (net of provision for credit losses) as at 30 June 2011, grew by \$5.7 billion or 7% compared to the loan portfolio as at 30 June 2010. Non-performing loans totalled \$6.7 billion as at June 2011 (\$3.0 billion as at June 2010) and represented 7.3% of the gross loans compared to 3.4% as at 30 June 2010. Our regulatory provision coverage as at June 2011 was 115.4% of non-performing loans compared to 136.3% at June 2010.

NCBJ remains the largest commercial bank in Jamaica when measured by profit, assets, branch network and capital base.

Our Wealth Management segment contributed operating profits of \$3.33 billion for the nine months ended 30 June 2011; the result for this segment reflects an increase of \$703 million or 27% over the prior June 2010 period. The growth over the prior year's results is due mainly to an increase in gains from investment activities.

Our Insurance and Pension Fund Management segment reported operating profits of \$1.74 billion for the nine months ended 30 June 2011, representing growth of \$273 million or 19% over the prior year's results, due mainly to increased income from annuity premiums.

CAPITAL

The Group's Stockholders' Equity of \$58.6 billion increased by \$12.2 billion or 26.3% when compared to 30 June 2010.

- The Risk-Based Capital Adequacy Ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 15.5% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica (30 June 2010 – 17.1%).
- The Capital to Risk Weighted Assets Ratio (risk assessed assets as a percentage of qualifying capital) for NCBCM was 47.4% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (30 June 2010 – 62.0%).
- The Solvency Ratio (stockholders' equity as a percentage of total liabilities) for NCBIC was 33.1% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (30 June 2010 – 25.4%).

DIVIDENDS

On 28 July 2011, the Board declared an interim dividend of \$0.28 per ordinary stock unit. The dividend is payable on 26 August 2011 for stockholders on record as at 15 August 2011.

AWARDS

For the third consecutive year we have been named the recipient of the World Finance Magazine award for the "Best Banking Group in Jamaica" (2011, 2010 and 2009). The winner of this award is selected based on a wide range of criteria including innovation, originality and quality of product, proof of market development and excellence in client representation. The Board of Directors sees the achievement of these awards as recognition that we are on the right path.

COMMUNITY RELATIONS

In pursuit of our mantra "Building a Better Jamaica", we contributed \$17 million to a number of initiatives during the quarter. Our main areas of focus were Education, Community Development, Youth Leadership and Entrepreneurship.

Education

For the third quarter, we contributed \$2 million (in cash and computers) towards educational programmes at a number of schools aimed at improving literacy at the primary school level. Additionally, the Grants Pen Primary School and Munro College received donations towards refurbishing the schools' staff rooms which were damaged by fire.

COMMUNITY RELATIONS (continued)**Community Development**


During the quarter, over 250 NCB employees turned out to “labour” for literacy and support the upgrading of the Breadnut Hill Primary School located in the parish of St. Ann and St. Jude’s Primary School located in Kingston. We also donated educational materials to the North East Regional Health Authority – Annotto Bay Hospital for use by the Hospital’s Child Adolescent Mental Health Services (CAMHS) and contributed funds to a number of community-based organisations, including for the renovation of a multi-purpose centre for remedial education.

Youth Leadership & Entrepreneurship

The NCB Foundation donated \$12 million in this area, \$10 million of which was towards the Youth Upliftment Through Employment (YUTE) Programme. YUTE is an aggressive two year programme designed to provide employment opportunities for at-risk youth from inner-city communities. We have committed to donating \$20 million over a two year period.

Our staff members continue to be heavily involved in the activities of the NCB Foundation and we wish to express our deep appreciation to them for their enthusiastic support of these activities, as well as their continued contribution to our organisation’s success.

To our customers, we say thank you for your continued loyalty, confidence and support; together, *We Make It Happen.*



ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Unaudited Consolidated Income Statement

Nine months ended 30 June 2011

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter Ended 30 June 2011 \$'000	Quarter Ended 31 March 2011 \$'000	Year to Date 30 June 2011 \$'000	Quarter Ended 30 June 2010 \$'000	Year to Date 30 June 2010 \$'000
Operating Income					
Interest income	7,639,299	7,312,184	22,767,616	7,819,835	25,508,408
Interest expense	(2,172,323)	(2,337,181)	(6,919,977)	(2,815,457)	(9,963,632)
Net interest income	5,466,976	4,975,003	15,847,639	5,004,378	15,544,776
Fee and commission income	1,890,123	1,807,088	5,522,194	1,794,664	5,101,033
Fee and commission expense	(285,464)	(286,958)	(809,853)	(227,263)	(724,354)
Net fee and commission income	1,604,659	1,520,130	4,712,341	1,567,401	4,376,679
Gain on foreign currency and investment activities	903,217	1,191,174	2,826,572	244,733	1,240,269
Dividend income	2,476	3,069	11,323	15,309	64,005
Insurance premium income	1,043,903	833,855	2,717,220	149,321	388,337
Other operating income	10,549	34,378	75,288	122,944	146,168
	1,960,145	2,062,476	5,630,403	532,307	1,838,779
	9,031,780	8,557,609	26,190,383	7,104,086	21,760,234
Operating Expenses					
Staff costs	2,318,176	2,262,912	6,861,086	2,148,311	7,137,786
Provision for credit losses	159,262	155,424	575,209	200,684	658,766
Depreciation and amortisation	143,637	144,027	426,623	126,284	399,350
Other operating expenses	2,339,481	2,198,383	6,659,923	1,303,276	3,823,087
	4,960,556	4,760,746	14,522,841	3,778,555	12,018,989
Operating Profit	4,071,224	3,796,863	11,667,542	3,325,531	9,741,245
Share of profits of associate	43,907	103,474	205,665	34,885	135,452
Profit before Taxation	4,115,131	3,900,337	11,873,207	3,360,416	9,876,697
Taxation	(970,736)	(781,502)	(2,604,230)	(603,681)	(1,794,770)
NET PROFIT	3,144,395	3,118,835	9,268,977	2,756,735	8,081,927
Earnings per stock unit (expressed in \$ per share)	\$ 1.28	\$ 1.27	\$ 3.77	\$ 1.12	\$ 3.28

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Nine months ended 30 June 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended 30 June 2011 \$'000	Quarter Ended 31 March 2011 \$'000	Year to Date 30 June 2011 \$'000	Quarter Ended 30 June 2010 \$'000	Year to Date 30 June 2010 \$'000
Net Profit	3,144,395	3,118,835	9,268,977	2,756,735	8,081,927
Other comprehensive income, net of taxes					
Currency translation gains/(losses)	3,488	1,388	(4,282)	(65,139)	(67,534)
Unrealised gains on available-for-sale investments	1,610,655	2,030,171	4,828,684	101,713	1,469,423
Realised fair value (gains)/losses on sale and maturity of investments	(542,054)	(685,456)	(1,652,786)	54,275	(432,881)
	1,072,089	1,346,103	3,171,616	90,849	969,008
TOTAL COMPREHENSIVE INCOME	4,216,484	4,464,938	12,440,593	2,847,584	9,050,935

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position


30 June 2011


(expressed in Jamaican dollars unless otherwise indicated)


	30 June 2011 \$'000	30 September 2010 \$'000	30 June 2010 \$'000
ASSETS			
Cash in hand and balances at Bank of Jamaica	18,791,928	19,472,761	19,162,785
Due from other banks	18,598,206	17,048,849	14,797,390
Derivative financial instruments	1,906	12,864	-
Investment securities at fair value through profit or loss	1,050,961	698,711	420,460
Reverse repurchase agreements	1,454,905	1,143,581	4,466,691
Loans and advances, net of provision for credit losses	90,845,967	85,995,102	85,109,619
Investment securities	206,178,683	199,434,273	187,361,628
Investments in associate	2,484,440	2,320,723	2,269,445
Investment property	12,000	12,000	12,000
Intangible asset - computer software	531,901	359,980	120,197
Property, plant and equipment	4,087,702	4,114,155	4,147,272
Retirement benefit asset	-	-	11,632
Deferred income tax assets	26,493	119,794	372,865
Income tax recoverable	1,572,416	1,855,938	1,805,196
Customers' liability - letters of credit and undertaking	249,118	291,106	276,515
Other assets	2,024,814	2,090,174	2,076,099
Total Assets	347,911,440	334,970,011	322,409,794
LIABILITIES			
Due to other banks	7,036,709	3,708,232	3,907,251
Customer deposits	148,839,851	144,283,158	138,254,209
Promissory notes and certificates of participation	231,696	223,154	206,407
Repurchase agreements	81,858,453	85,292,763	79,861,486
Obligations under securitisation arrangements	15,854,938	20,456,162	21,864,459
Derivative financial instruments	2,246	25,930	41,030
Other borrowed funds	4,800,820	6,575,623	6,307,032
Income tax payable	10,501	3,095	1,228
Deferred income tax liabilities	2,059,933	104,332	139,379
Policyholders' liabilities	23,429,467	20,405,624	20,193,371
Provision for litigation	13,000	13,300	13,417
Retirement benefit obligations	476,785	445,873	477,180
Liability - letters of credit and undertaking	249,118	291,106	276,515
Other liabilities	4,457,562	4,333,726	4,491,841
Total Liabilities	289,321,079	286,162,078	276,034,805
STOCKHOLDERS' EQUITY			
Share capital	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)	(3,388)
Fair value and other reserves	5,706,862	1,457,864	1,033,285
Loan loss reserve	4,984,589	1,135,012	1,076,635
Banking reserve fund	5,870,721	5,200,206	4,957,904
Retained earnings reserve	9,875,761	8,875,761	8,875,761
Retained earnings	25,690,085	25,676,747	23,969,061
Total Stockholders' Equity	58,590,361	48,807,933	46,374,989
Total Equity and Liabilities	347,911,440	334,970,011	322,409,794

Approved for issue by the Board of Directors on 28 July 2011 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended 30 June 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Other Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 October 2009	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946
Total comprehensive income	-	-	969,008	-	-	-	8,081,927	9,050,935
Dividends paid	-	-	-	-	-	-	(3,691,892)	(3,691,892)
Transfer to Loan Loss Reserve	-	-	-	332,476	-	-	(332,476)	-
Transfer to Banking Reserve Fund	-	-	-	-	595,802	-	(595,802)	-
Balance at 30 June 2010	6,465,731	(3,388)	1,033,285	1,076,635	4,957,904	8,875,761	23,969,061	46,374,989
Balance as at 1 October 2010	6,465,731	(3,388)	1,457,864	1,135,012	5,200,206	8,875,761	25,676,747	48,807,933
Total comprehensive income	-	-	3,171,616	-	-	-	9,268,977	12,440,593
Dividends paid	-	-	-	-	-	-	(2,658,165)	(2,658,165)
Transfer to Loan Loss Reserve	-	-	-	3,849,577	-	-	(3,849,577)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
Transfer to Banking Reserve Fund	-	-	-	-	670,515	-	(670,515)	-
Balance at 30 June 2011	6,465,731	(3,388)	5,706,862	4,984,589	5,870,721	9,875,761	25,690,085	58,590,361

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Nine months ended 30 June 2011

(expressed in Jamaican dollars unless otherwise indicated)

	30 June 2011 \$'000	30 June 2010 \$'000
Cash Flows from Operating Activities		
Net profit	9,268,977	8,081,927
Changes in operating assets and liabilities	(2,378,773)	18,252,668
Other adjustments to reconcile net profit	711,931	(1,131,123)
Net cash provided by operating activities	<u>7,602,135</u>	<u>25,203,472</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(327,831)	(419,145)
Acquisition of intangible asset - computer software	(276,808)	(21,326)
Proceeds from disposal of property, plant and equipment	26,368	36,746
Purchases of investment securities	(247,535,278)	(197,293,226)
Sales/maturities of investment securities	236,767,392	194,412,076
Dividends received from associate	41,948	-
Net cash used in investing activities	<u>(11,304,209)</u>	<u>(3,284,875)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(4,538,017)	(4,508,013)
Proceeds from other borrowed funds	269,760	657,418
Repayments of other borrowed funds	(2,012,683)	(1,547,033)
Dividends paid	(2,658,165)	(3,691,892)
Net cash used in financing activities	<u>(8,939,105)</u>	<u>(9,089,520)</u>
Effect of exchange rate changes on cash and cash equivalents	45,666	(1,583,869)
Net (decrease)/increase in cash and cash equivalents	(12,595,513)	11,245,208
Cash and cash equivalents at beginning of period	40,727,035	18,594,234
Cash and cash equivalents at end of period	<u>28,131,522</u>	<u>29,839,442</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica (excluding Statutory Reserves)	2,802,553	3,245,510
Due from other banks	18,598,206	14,797,390
Investment securities with an original maturity of less than 90 days	13,767,472	15,703,793
Due to other banks	(7,036,709)	(3,907,251)
	<u>28,131,522</u>	<u>29,839,442</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended 30 June 2011

	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail and SME	Payment Services							
	\$'000	\$'000							
External operating revenue	7,246,455	3,673,841	3,111,004	7,300,478	6,789,033	5,648,500	150,902	-	33,920,213
Operating revenue from other segments	2,782,261	2,848	8,326	758,300	251,283	35,204	170,070	(4,008,292)	-
Operating revenue	10,028,716	3,676,689	3,119,330	8,058,778	7,040,316	5,683,704	320,972	(4,008,292)	33,920,213
Segment result	1,132,539	1,242,697	1,603,625	3,536,386	3,328,769	1,740,218	(3,967)	(110,181)	12,470,086
Unallocated corporate expenses									(802,544)
Operating profit									11,667,542
Share of profits in associate									205,665
Profit before tax									11,873,207
Taxation expense									(2,604,230)
Net profit									9,268,977
Segment assets	126,998,240	7,456,813	44,019,678	128,417,849	97,268,715	31,550,536	1,049,902	(94,334,300)	342,427,433
Associates									2,484,440
Unallocated assets									2,999,567
Total assets									347,911,440
Segment liabilities	116,768,375	6,858,373	33,548,516	116,144,257	82,726,525	23,597,884	154,378	(92,049,495)	287,748,813
Unallocated liabilities									1,572,266
Total liabilities									289,321,079
Net interest income	6,591,707	939,512	1,681,878	2,289,802	3,112,705	1,209,222	22,813	-	15,847,639
Capital expenditure	345,360	62,472	12,964	101,423	22,550	30,753	29,117	-	604,639
Depreciation and amortisation	257,041	54,694	10,779	8,822	20,361	54,584	20,342	-	426,623

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended 30 June 2010

	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail and SME	Payment Services							
	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	6,409,787	3,444,956	4,089,665	7,684,413	7,247,002	3,425,203	147,194	-	32,448,220
Operating revenue from other segment:	4,313,868	12,327	1,298	989,906	374,207	99,293	234,208	(6,025,107)	-
Operating revenue	<u>10,723,655</u>	<u>3,457,283</u>	<u>4,090,963</u>	<u>8,674,319</u>	<u>7,621,209</u>	<u>3,524,496</u>	<u>381,402</u>	<u>(6,025,107)</u>	<u>32,448,220</u>
Segment result	856,742	1,038,318	2,297,021	2,199,194	2,625,544	1,466,800	101,427	(33,326)	10,551,720
Unallocated corporate expenses									<u>(810,475)</u>
Operating profit									9,741,245
Share of profits in associate									<u>135,452</u>
Profit before tax									9,876,697
Taxation expense									<u>(1,794,770)</u>
Net profit									<u>8,081,927</u>
Segment assets	116,554,118	7,181,925	47,542,795	131,254,206	89,697,386	24,844,046	948,047	(100,108,453)	317,914,070
Associates									2,269,445
Unallocated assets									<u>2,226,279</u>
Total assets									<u>322,409,794</u>
Segment liabilities	109,628,129	6,312,834	38,641,226	119,868,787	77,943,825	20,491,117	128,420	(97,866,527)	275,147,811
Unallocated liabilities									<u>886,994</u>
Total liabilities									<u>276,034,805</u>
Net interest income	6,434,232	656,507	2,475,907	1,865,367	2,723,825	1,351,131	37,807	-	15,544,776
Capital expenditure	310,272	40,288	10,542	23,839	13,675	25,917	15,938	-	440,471
Depreciation and amortisation	<u>239,676</u>	<u>62,345</u>	<u>10,202</u>	<u>7,492</u>	<u>21,244</u>	<u>36,893</u>	<u>21,498</u>	<u>-</u>	<u>399,350</u>

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

30 June 2011

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited (“the Bank”) is incorporated in Jamaica and licensed under the Banking Act, 1992. The Bank is a 53.54% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael Lee-Chin, OJ. The Bank’s registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Bank is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Bank's subsidiaries, together with the bank are referred to as "the Group".

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Remittance Services (Cayman) Limited and NCB Capital Markets (Cayman) Limited, which are incorporated in the Cayman Islands, and NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom.

2. Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 June 2011 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2010, which have been prepared in accordance with International Financial Reporting

There have been no changes in accounting policies since the most recent audited accounts as at 30 September 2010.

3. Obligations under Securitisation Arrangements

In respect of the Credit Card Receivables Securitization arrangement, there has been the occurrence of a Specified Event. The Specified Event relates to NCB's Past Due Loan Ratio exceeding 6%. The agreement has been amended to address this and to include changes to the pricing and amortization schedule. We do not expect these changes to have a significant impact on the Group’s operations.

4. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and money remittance
- Payment services - This incorporates the provision of card related services
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank’s liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency trading activities
- Wealth management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Insurance & pension fund management – This incorporates life insurance, pension and investment management services.

Other operations of the Group include insurance brokerage services, trustee services and registrar and transfer agent services.