

The Board of Directors is pleased to release the following unaudited financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the six months ended March 31, 2012.

PERFORMANCE HIGHLIGHTS

Six months ended March 2012 compared with six months ended March 2011

- Net profit of \$4.8 billion, a decrease of \$1.4 billion, or 22.1%, after taking into account loan and impairment losses of \$926 million after-tax, resulting from one exposure.
- Earnings per stock unit of \$1.93, declined by \$0.56, or 22.1%.
- Cost to income ratio increased to 56.4%, from 53.3%.
- Total assets of \$369.8 billion, increased by 6.6%, or \$23.0 billion.
- Return on average total assets decreased to 2.6%, from 3.6%.
- Net loans of \$103.1 billion, grew by 16.8%, or \$14.8 billion.
- Customer deposits of \$162.0 billion, increased by 13.5%, or \$19.3 billion.
- Total stockholders' equity of \$62.4 billion, increased by 13.8%, or \$7.6 billion.
- Return on average stockholders' equity decreased to 15.5%, from 23.6%.
- Risk-based capital adequacy ratio decreased to 14.4%, from 15.1%.

Quarter ended March 2012 compared with quarter ended December 2011

- Net profit of \$2.0 billion, decreased by \$765 million, or 27.6%, after taking into account loan and impairment losses of \$926 million after-tax, resulting from one exposure.
- Earnings per stock unit of \$0.81, declined by \$0.31, or 27.6%.
- Cost to income ratio increased to 56.7%, from 56.2%.
- Return on average total assets decreased to 2.2%, from 3.1%.
- Return on average stockholders' equity decreased to 12.8%, from 17.9%.

FINANCIAL PERFORMANCE

Operating income increased by \$631 million, or 3.7%, for the six months ended March 31, 2012, when compared with the six months ended March 31, 2011, mainly as a result of:

- Gain on foreign currency and investment activities, which increased by \$512 million, or 26.6%, due to increased gains from the sale of fixed income securities.
- Net fee and commission income, which increased by \$399 million, or 12.8%, mainly due to increased fees arising from growth in the Retail and SME and Corporate Banking loan portfolios.
- Net interest income, which increased by \$358 million, or 3.4%, due mainly to growth in the net loan portfolio, despite lower yields earned on our investment securities and loan portfolios.

FINANCIAL PERFORMANCE (continued)

Operating expenses increased by \$2.3 billion, or 24.2%, for the six months ended March 31, 2012, over the six months ended March 31, 2011, mainly as a result of:

- Provision for credit losses, which increased by \$1.1 billion, or 267.1%, due mainly to the loan losses recorded on a large non-performing loan.
- Staff costs, which increased by \$790 million, or 17.4%, due to the negotiated salary increase for the 2011/2012 financial year, and increased staff benefits paid during the six months ended March 31, 2012 which relate to the 2010/2011 financial year.
- Impairment losses on securities, of \$314 million, represented impairment losses recorded on securities which have been deemed impaired.

Loans and advances, which totalled \$103.1 billion (net of provision for credit losses) as at March 31, 2012, grew by \$14.8 billion, or 16.8%, compared to the loan portfolio as at March 31, 2011. Non-performing loans totalled \$7.5 billion as at March 31, 2012 (\$6.6 billion as at March 31, 2011) and represented 7.1% of the gross loans compared to 7.3% as at March 31, 2011. Excluding the loan losses related to this single exposure, non-performing loans as at March 31, 2012 was 4.4% (4.2% - March 31, 2011). Our regulatory provision coverage as at March 31, 2012 was 114.3% of non-performing loans compared to 116.0% at March 31, 2011. Our delinquency management processes remain robust and effective.

Customer deposits, which totalled \$162.0 billion as at March 31, 2012, grew by \$19.3 billion, or 13.5%, compared to the deposit portfolio as at March 31, 2011.

As reported by the Bank of Jamaica, at December 31, 2011, NCBJ held the largest market share in loans (38.9%) and deposits (37.6%) in the commercial banking industry, and remains the largest commercial bank in Jamaica when measured by assets, branch network and capital base.

SEGMENT PERFORMANCE

The Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments which comprise the commercial banking activities, reported combined operating profits of \$3.3 billion for the six months ended March 31, 2012; this represents a decrease of \$1.6 billion, or 33.3%, from the six months ended March 31, 2011.

Our Retail & SME segment recorded operating profits of \$427 million, down by 40.7%, or \$293 million, from the six months ended March 31, 2011. The decline in the operating profits was driven mainly by reduced yields on loans, increased staff costs and operating expenses associated with the implementation of a number of revenue and efficiency related projects.

SEGMENT PERFORMANCE (continued)

Our Payment Services segment recorded operating profits of \$909 million, up by 12.7%, or \$102 million, over the six months ended March 31, 2011. The improvement in the operating profits was driven mainly by increased net interest income and net fee and commission income, due to the growth in the credit card portfolio over the six months ended March 31, 2011.

Our Corporate Banking segment recorded operating losses of \$61 million, a decline of \$1.0 billion in its segment result when compared to the six months ended March 31, 2011, and the reduction is attributed to loan losses on a large non-performing loan.

Our Treasury & Correspondent Banking segment recorded operating profits of \$2.0 billion, a decline of \$437 million, or 18.0%, when compared to the six months ended March 31, 2011, which was mainly due to a reduction in net interest income due mainly to lower yields earned on our investment portfolio.

Our Wealth Management segment contributed operating profits of \$2.2 billion for the six months ended March 31, 2012, representing an increase of \$9 million, or 0.4%, over the six months ended March 31, 2011.

Our Insurance and Pension Fund Management segment reported operating profits of \$1.5 billion for the six months ended March 31, 2012; this result reflects an increase of \$221 million, or 17.9%, over the six months ended March 31, 2011. Increases in gain on investment activity, net interest income, and fee and commission income were the primary reasons for the increase.

CAPITAL

The Group's stockholders' equity of \$62.4 billion, increased by \$7.6 billion, or 13.8%, when compared to 31 March 2011.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 14.4% (31 March 2011 – 15.1%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCBCM was 32.0% (31 March 2011 – 75.9%). The reduction in the ratio was largely as a result of the FSC amending the methodology for the computation of this ratio. However, the minimum statutory requirement remained at 10%.
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCBIC was 35.4% (31 March 2011 – 30.9%).

DIVIDENDS

On 26 April 2012, the Board declared an interim dividend of \$0.21 per ordinary stock unit. The dividend is payable on 25 May 2012 for stockholders on record as at 11 May 2012.

COMMUNITY RELATIONS

In pursuit of our mantra “Building a Better Jamaica”, we contributed \$22 million to a number of initiatives during the quarter. Our main areas of focus were Education - \$6 million, Community Development - \$11 million, Youth Leadership and Entrepreneurship - \$5 million.

Education

We continue to invest in the further development of our nation’s youth through education. During the period, we supported various educational initiatives across the island which included assistance with tuition fees and school welfare programmes, and the purchase of computers and other equipment for schools. Among the institutions that received assistance were Broughton Primary, Wait-A-Bit All Age, Charlton Infant School and the National College of Professional Studies, Kingston High School and Jamaica College. We also supported the “Students at Risk” programme which is run by the House of Mercy Empowerment Project - Sisters of Mercy of Jamaica.

Community Development

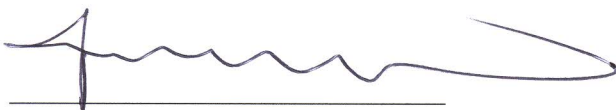
During the quarter, we provided assistance to BREDS Treasure Beach for the purchase of an ambulance which will serve several communities in St. Elizabeth. Other community development projects included support to the National Chest Hospital to effect improvements to the reception area of their X-Ray Department.

Youth Leadership & Entrepreneurship

We continue to support programmes that seek to encourage our nation’s youth into becoming change agents in their schools and communities. The main organisations that received our support during the period were the Jamaica Athletics Administrative Association (JAAA), Jamaica Cricket Association, MVP Track & Field Club, and the Youth Upliftment through Employment (YUTE).

This year, as we celebrate 175 years of service, we are thankful for the opportunity to meet the needs of our customers, shareholders, employees and other key stakeholders through the provision of financial services, while building a better Jamaica.

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

Six months ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter Ended	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	31 March	31 December	31 March	31 March	31 March
	2012	2011	2012	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income					
Interest income	7,506,659	7,547,198	15,053,857	7,312,184	15,128,317
Interest expense	(2,107,571)	(2,207,598)	(4,315,169)	(2,337,181)	(4,747,654)
Net interest income	5,399,088	5,339,600	10,738,688	4,975,003	10,380,663
Fee and commission income	2,044,628	2,036,567	4,081,195	1,807,088	3,632,071
Fee and commission expense	(320,683)	(244,304)	(564,987)	(286,958)	(524,389)
Net fee and commission income	1,723,945	1,792,263	3,516,208	1,520,130	3,107,682
Gain on foreign currency and investment activities	1,428,328	1,006,619	2,434,947	1,191,174	1,923,355
Dividend income	6,591	30,668	37,259	3,069	8,847
Premium income	739,817	281,545	1,021,362	833,855	1,673,317
Other operating income	25,374	15,275	40,649	34,378	64,739
	2,200,110	1,334,107	3,534,217	2,062,476	3,670,258
	9,323,143	8,465,970	17,789,113	8,557,609	17,158,603
Operating Expenses					
Staff costs	2,618,731	2,714,104	5,332,835	2,262,912	4,542,910
Provision for credit losses	1,214,288	312,507	1,526,795	155,424	415,947
Depreciation and amortisation	198,047	170,714	368,761	144,027	282,986
Impairment losses on securities	314,000	-	314,000	-	-
Other operating expenses	2,464,989	1,872,704	4,337,693	2,198,383	4,320,442
	6,810,055	5,070,029	11,880,084	4,760,746	9,562,285
Operating Profit	2,513,088	3,395,941	5,909,029	3,796,863	7,596,318
Share of profit of associates	178,308	145,421	323,729	103,474	161,758
Profit before Taxation	2,691,396	3,541,362	6,232,758	3,900,337	7,758,076
Taxation	(687,594)	(772,410)	(1,460,004)	(781,502)	(1,633,494)
NET PROFIT	2,003,802	2,768,952	4,772,754	3,118,835	6,124,582
Earnings per stock unit (expressed in \$ per share) Basic and diluted	\$ 0.81	\$ 1.12	\$ 1.93	\$ 1.27	\$ 2.49

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended 31 March 2012 \$'000	Quarter Ended 31 December 2011 \$'000	Year to Date 31 March 2012 \$'000	Quarter Ended 31 March 2011 \$'000	Year to Date 31 March 2011 \$'000
Net Profit	2,003,802	2,768,952	4,772,754	3,118,835	6,124,582
Other comprehensive income, net of tax					
Currency translation/exchange gains/(losses)	42,598	5,335	47,933	1,388	(7,770)
Unrealised (losses)/gains on available-for-sale investments	(194,463)	475,622	281,159	2,030,171	3,218,029
Realised fair value gains on sale and maturity of investments	(1,185,906)	(899,827)	(2,085,733)	(685,456)	(1,110,732)
	(1,337,771)	(418,870)	(1,756,641)	1,346,103	2,099,527
TOTAL COMPREHENSIVE INCOME	666,031	2,350,082	3,016,113	4,464,938	8,224,109

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position

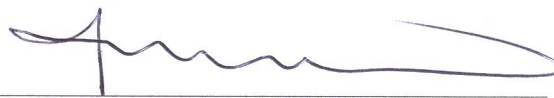
31 March 2012


(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2012 S'000	30 September 2011 S'000	31 March 2011 S'000
ASSETS			
Cash in hand and balances at Bank of Jamaica	21,298,524	20,725,491	21,227,067
Due from other banks	17,940,402	24,812,575	16,796,273
Derivative financial instruments	21,084	-	1,045
Investment securities at fair value through profit or loss	1,034,377	1,785,352	1,073,340
Reverse repurchase agreements	1,761,875	1,697,472	776,045
Loans and advances, net of provision for credit losses	103,129,915	91,728,138	88,324,350
Investment securities classified as available-for-sale and loans and receivables	208,617,883	202,962,775	206,153,280
Investment in associates	5,819,893	5,847,258	2,440,533
Investment property	12,500	12,000	12,000
Intangible asset - computer software	988,480	897,862	463,328
Property, plant and equipment	4,568,493	4,322,866	4,098,134
Deferred income tax assets	26,130	26,191	26,579
Income tax recoverable	1,391,836	1,402,777	2,905,426
Customers' liability - letters of credit and undertaking	322,249	361,606	292,324
Other assets	2,893,604	2,184,878	2,206,641
Total assets	369,827,245	358,767,241	346,796,365
LIABILITIES			
Due to other banks	9,035,590	6,402,201	6,826,740
Customer deposits	161,986,131	155,800,401	142,732,652
Promissory notes and certificates of participation	-	236,434	227,734
Repurchase agreements	90,405,867	84,075,103	89,580,010
Obligations under securitisation arrangements	11,040,453	14,378,119	17,350,635
Derivative financial instruments	5,513	-	7,223
Other borrowed funds	3,531,885	5,271,146	5,866,653
Income tax payable	20,524	12,591	13,157
Deferred income tax liabilities	1,582,119	2,387,682	2,287,615
Liabilities under annuity and insurance contracts	24,499,521	23,564,275	22,340,202
Provision for litigation	19,300	13,000	13,000
Post-employment benefit obligations	645,641	582,491	466,481
Liability - letters of credit and undertaking	322,249	361,606	292,324
Other liabilities	4,362,056	4,555,800	3,975,035
Total liabilities	307,456,849	297,640,849	291,979,461
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 capital reserves	3,388,767	5,166,594	4,634,773
Loan loss reserve	4,664,603	4,922,610	4,783,484
Banking reserve fund	6,327,078	6,039,667	5,646,277
Retained earnings reserve	14,013,657	11,375,761	9,875,761
Retained earnings	27,513,948	27,159,417	23,414,266
Total stockholders' equity	62,370,396	61,126,392	54,816,904
Total equity and liabilities	369,827,245	358,767,241	346,796,365

Approved for issue by the Board of Directors on 26 April 2012 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Capital 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 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	-	-	2,099,527	-	-	-	6,124,582	8,224,109
Dividends paid	-	-	-	-	-	-	(2,215,138)	(2,215,138)
Transfer to Loan Loss Reserve	-	-	-	3,648,472	-	-	(3,648,472)	-
Transfer to Banking Reserve Fund	-	-	-	-	446,071	-	(446,071)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Balance at 31 March 2011	6,465,731	(3,388)	4,634,773	4,783,484	5,646,277	9,875,761	23,414,266	54,816,904
Balance as at 1 October 2011	6,465,731	(3,388)	5,166,594	4,922,610	6,039,667	11,375,761	27,159,417	61,126,392
Total comprehensive income	-	-	(1,777,827)	21,186	-	-	4,772,754	3,016,113
Dividends paid	-	-	-	-	-	-	(1,772,109)	(1,772,109)
Transfer from Loan Loss Reserve	-	-	-	(279,193)	-	-	279,193	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Transfer to Banking Reserve Fund	-	-	-	-	287,411	-	(287,411)	-
Balance at 31 March 2012	6,465,731	(3,388)	3,388,767	4,664,603	6,327,078	14,013,657	27,513,948	62,370,396

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2012 \$'000	31 March 2011 \$'000
Cash Flows from Operating Activities		
Net profit	4,772,754	6,124,582
Changes in operating assets and liabilities	(1,841,161)	1,506,315
Other adjustments to reconcile net profit	1,196,748	423,882
Net cash provided by operating activities	<u>4,128,341</u>	<u>8,054,779</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(487,705)	(230,546)
Acquisition of intangible asset - computer software	(221,067)	(170,708)
Proceeds from disposal of property, plant and equipment	3,646	25,356
Purchases of investment securities	(141,335,331)	(172,154,295)
Sales/maturities of investment securities	133,639,864	164,649,258
Dividends received from associate	98,357	41,948
Net cash used in investing activities	<u>(8,302,236)</u>	<u>(7,838,987)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(3,384,079)	(3,009,351)
Proceeds from other borrowed funds	724,602	162,431
Repayments of other borrowed funds	(2,466,082)	(834,813)
Dividends paid	(1,772,109)	(2,215,138)
Net cash used in financing activities	<u>(6,897,668)</u>	<u>(5,896,871)</u>
Effect of exchange rate changes on cash and cash equivalents	650,720	25,283
Net decrease in cash and cash equivalents	(10,420,842)	(5,655,796)
Cash and cash equivalents at beginning of period	38,423,142	40,727,035
Cash and cash equivalents at end of period	<u>28,002,299</u>	<u>35,071,239</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica	4,272,727	6,064,747
Due from other banks	17,940,402	16,796,273
Investment securities	14,824,760	19,036,959
Due to other banks	(9,035,590)	(6,826,740)
	<u>28,002,299</u>	<u>35,071,239</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended 31 March 2012

	Consumer & SME						Other	Eliminations	Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
External revenue	5,722,880	2,693,900	1,899,700	4,317,592	4,680,117	3,248,648	106,432	-	22,669,269
Revenue from other segments	1,549,791	-	1,384	491,897	230,541	32,891	92,226	(2,398,730)	-
Total revenue	7,272,671	2,693,900	1,901,084	4,809,489	4,910,658	3,281,539	198,658	(2,398,730)	22,669,269
Interest income	5,646,871	1,018,605	1,575,037	3,627,990	3,893,016	1,427,968	17,181	(2,153,333)	15,053,335
Interest expense	(721,081)	(272,241)	(530,655)	(2,445,830)	(1,967,068)	(517,387)	(1,053)	2,153,333	(4,301,982)
Net interest income	4,925,790	746,364	1,044,382	1,182,160	1,925,948	910,581	16,128	-	10,751,353
Net fee and commission income	1,497,007	1,099,912	308,842	86,026	80,266	419,719	109,264	(93,640)	3,507,396
Gain on foreign currency and investment activities	66,761	4,187	13,373	1,068,594	924,794	389,179	(4,342)	(36,634)	2,425,912
Premium income	-	-	-	-	-	1,037,093	-	(15,731)	1,021,362
Other income	31,185	3,495	2,045	120,656	15,741	7,608	22,004	(141,827)	60,907
Total operating income	6,520,743	1,853,958	1,368,642	2,457,436	2,946,749	2,764,180	143,054	(287,832)	17,766,930
Staff costs	2,382,189	98,485	115,075	86,719	228,425	276,454	87,556	(13,736)	3,261,167
Provision for credit losses	188,576	179,373	856,393	-	-	-	-	-	1,224,342
Depreciation and amortisation	66,696	28,282	2,544	32,414	2,648	17,996	14,214	-	164,794
Impairment losses on securities	-	-	-	-	314,000	-	-	-	314,000
Other operating expenses	1,280,923	342,297	251,726	187,935	245,970	1,012,520	156,152	(139,102)	3,338,421
Total operating expense	3,918,384	648,437	1,225,738	307,068	791,043	1,306,970	257,922	(152,838)	8,302,724
Operating profit before allocated costs	2,602,359	1,205,521	142,904	2,150,368	2,155,706	1,457,210	(114,868)	(134,994)	9,464,206
Allocated costs	(2,175,159)	(296,408)	(203,590)	(155,700)	-	-	-	-	(2,830,857)
Operating profit	427,200	909,113	(60,686)	1,994,668	2,155,706	1,457,210	(114,868)	(134,994)	6,633,349
Unallocated corporate expenses									(724,320)
Share of profit of associates									323,729
Profit before taxation									6,232,758
Taxation									(1,460,004)
Net Profit									4,772,754
Segment assets	134,118,394	8,180,681	49,353,318	125,912,159	103,611,218	33,032,246	1,209,293	(93,110,995)	362,306,313
Associates									5,819,893
Unallocated assets									1,701,040
Total assets									369,827,245
Segment liabilities	126,007,706	6,539,950	35,554,033	115,018,083	88,088,290	24,605,183	272,046	(90,681,087)	305,404,202
Unallocated liabilities									2,052,647
Total liabilities									307,456,849
Capital expenditure	467,384	81,122	15,592	79,130	25,617	27,694	12,233	-	708,772

National Commercial Bank Jamaica Limited
Unaudited Segment Report
Six months ended 31 March 2011

	<u>Consumer & SME</u>		<u>Corporate Banking</u>	<u>Treasury & Correspondent Banking</u>	<u>Wealth Management</u>	<u>Insurance & Pension Fund Management</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>Retail & SME</u>	<u>Payment Services</u>							
	<u>\$'000</u>	<u>\$'000</u>							
External revenue	4,735,096	2,418,011	2,011,923	5,024,157	4,491,390	3,689,621	60,448	-	22,430,646
Revenue from other segments	1,891,291	2,517	3,442	478,260	191,763	24,318	54,770	(2,646,361)	-
Total revenue	6,626,387	2,420,528	2,015,365	5,502,417	4,683,153	3,713,939	115,218	(2,646,361)	22,430,646
Interest income	5,233,261	836,352	1,784,850	4,342,803	4,102,011	1,363,877	19,308	(2,554,818)	15,127,644
Interest expense	(927,537)	(220,504)	(691,860)	(2,782,780)	(2,088,884)	(576,844)	(313)	2,554,818	(4,733,904)
Net interest income	4,305,724	615,848	1,092,990	1,560,023	2,013,127	787,033	18,995	-	10,393,740
Net fee and commission income	1,232,251	1,052,871	209,267	81,119	43,692	356,910	58,206	22,446	3,056,762
Gain on foreign currency and investment activities	61,720	3,822	13,271	1,064,993	477,234	292,037	14,460	(13,674)	1,913,863
Premium income	-	-	-	-	-	1,688,572	-	(15,255)	1,673,317
Other operating income	34,311	3,094	1,370	35,348	20,353	1,973	18,937	(61,333)	54,053
Total operating income	5,634,006	1,675,635	1,316,898	2,741,483	2,554,406	3,126,525	110,598	(67,816)	17,091,735
Staff costs	1,967,822	129,153	123,072	71,664	190,679	219,707	65,594	-	2,767,691
Provision for credit losses	193,283	196,140	20,821	-	-	-	-	-	410,244
Depreciation and amortisation	69,386	29,811	2,617	2,504	5,218	30,598	11,954	-	152,088
Impairment loss	-	-	-	-	-	-	-	-	-
Other operating expenses	922,167	272,316	72,773	115,858	211,732	1,639,989	138,917	(12,193)	3,361,559
Total operating expenses	3,152,658	627,420	219,283	190,026	407,629	1,890,294	216,465	(12,193)	6,691,582
Operating profit before allocated cost	2,481,347	1,048,215	1,097,615	2,551,457	2,146,778	1,236,231	(105,867)	(55,623)	10,400,153
Allocated costs	(1,761,303)	(241,383)	(149,525)	(120,032)	-	-	-	-	(2,272,243)
Operating profit	720,044	806,832	948,090	2,431,425	2,146,778	1,236,231	(105,867)	(55,623)	8,127,910
Unallocated corporate expenses									(531,592)
Share of profit of associate									161,758
Profit before taxation									7,758,076
Taxation									(1,633,494)
Net Profit									6,124,582
Segment assets	124,837,245	8,503,129	44,136,007	133,672,383	94,142,125	29,477,379	906,236	(95,931,070)	339,743,434
Associates									2,440,533
Unallocated assets									4,612,398
Total assets									346,796,365
Segment liabilities	115,001,582	7,118,035	34,350,955	123,266,886	80,511,240	22,724,648	140,400	(93,671,940)	289,441,806
Unallocated liabilities									2,537,655
Total liabilities									291,979,461
Capital expenditure	238,062	55,178	8,403	57,871	15,638	23,682	2,420	-	401,254

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

31 March 2012

(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 52.96% 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 and other consolidated entities, which 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.

The Group's associates are as follows:

	Principal Activities	Percentage ownership by Group	
		31 March 2012	30 September 2011
Kingston Wharves Limited	Wharf Operations and Stevedoring	32.59	43.45
Jamaica Money Market Brokers Limited	Securities Dealer and Stock Brokerage Services	29.30	29.30
Kingston Properties Limited	Ownership of real estate properties	25.17	25.17
Dyoll Group Limited	In Liquidation	44.47	44.47

On 29 March 2012, an Extraordinary General Meeting was held by Kingston Wharves Limited and an ordinary resolution was passed resulting in an increase in the company's issued share capital by 357,550,000 ordinary shares. The Group's percentage ownership in Kingston Wharves Limited has therefore been diluted to 32.59% from 43.45%.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 March 2012 has 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 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

There have been no changes in accounting policies since the most recent audited accounts as at 30 September 2011.

3. 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 dealing 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.
- The Group's insurance brokerage services, trustee services, registrar and transfer agent services and provision of automatic banking machine services to customers are classified as Other for segment reporting.

4. Contingent Liability

In 2009, one of the Bank's subsidiaries received income tax assessments in respect of the years 2003 and 2005 from the Commissioner, Taxpayer Audit & Assessment Department (TAAD), for additional income taxes totaling \$2.7 billion. Subsequent to the receipt of the assessment and after discussions and clarifications, the TAAD indicated that it would reverse the additional assessment, with the exception of \$585 million which would remain. On this basis, tax assessment of \$585 million was disclosed in the financial statements for the year ended 30 September 2009. During 2010, the TAAD amended its position on the proposed reversal of the additional assessments. The subsidiary has objected to the assessments and discussions with the TAAD continue. No provision has been made in the financial statements as the Group's management and advisors are of the opinion that there is no proper basis in law for the assessments and they ought to be discharged.