

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 half year ended March 31, 2013.

Performance highlights

Six months ended March 31, 2013 compared with the six months ended March 31, 2012

- Net profit of \$4.5 billion, a decrease of 5.1%, or \$242 million.
- Earnings per stock unit of \$1.84, decreased by 5.1%, from \$1.93.
- Cost to income ratio increased to 64.57%, from 56.44%.
- Total assets of \$414.1 billion, grew by 11.7%, or \$43.4 billion.
- Return on average total assets was 2.28%, compared to 2.61%.
- Net loans of \$128.8 billion, grew by 24.9%, or \$25.7 billion.
- Customer deposits of \$171.1 billion, increased by 5.7%, or \$9.2 billion.
- Total stockholders' equity of \$68.2 billion, increased by 7.8%, or \$5.0 billion.
- Return on average stockholders' equity was 13.47%, compared to 15.25%.

Three months ended March 31, 2013 compared with the three months ended March 31, 2012

- Net profit of \$1.7 billion, decreased by 12.9%, or \$259 million.
- Earnings per stock unit of \$0.71, decreased by 12.9%, from \$0.81.
- Cost to income ratio increased to 74.18%, from 56.65%.
- Return on average total assets decreased to 1.72%, from 2.19%.
- Return on average stockholders' equity decreased to 10.31%, from 12.74%.

Three months ended March 31, 2013 compared with the three months ended December 31, 2012

- Net profit of \$1.7 billion, decreased by 37.4%, or \$1.0 billion.
- Earnings per stock unit of \$0.71, decreased by 37.4%, from \$1.13.
- Cost to income ratio increased to 74.18%, from 55.55%.
- Return on average total assets decreased to 1.72%, from 2.87%.
- Return on average stockholders' equity decreased to 10.31%, from 16.70%.

During the quarter ended March 31, 2013, NCBJ and its subsidiaries accepted the offer made by the Government of Jamaica (GoJ), under the National Debt Exchange (NDX), to exchange 100% of our eligible GoJ securities. This exchange involved securities amounting to approximately \$118 billion. We subsequently participated in a private debt exchange, where we exchanged \$7 billion of eligible GoJ securities. The primary impact arising from these debt exchanges is a reduction in coupon rates and the extension of the tenure of the securities. However, the eligible securities involved are marketable securities and the market value of the securities received was lower than the value of the securities tendered, resulting in losses on some of the instruments exchanged; these losses are reported in gain or losses on foreign currency and investment activities. We have identified a number of mitigating measures to address the on-going reduction in yields, most of which have already been implemented.

Performance highlights (continued)

Despite the uncertainties and challenges faced within the Jamaican economic environment, the successful completion of a key strategic acquisition and growth in our core businesses demonstrate the progress that we are making towards our vision of being a top Caribbean financial institution delivering sustainable financial performance. Although our second quarter ended 31 March 2013, reports a decline in net profit when compared with the prior year's performance, our results for the period reflect strong growth in some business segments. Our diverse business model has helped us to deliver strong returns on assets and equity, even in challenging periods and provides us with the opportunity to deliver value to all our stakeholders. We believe that we continue to be well positioned for growth. We recognise that we must place our customers at the heart of our business and to drive this focus, we have created a new Strategic Support Unit, Group Customer Experience and Innovation Division.

Mindful of the challenges faced by our customers, during the quarter, we launched our debt restructuring programme which is aimed at assisting customers facing challenging financial situations. The response to this initiative has been very positive and we have also implemented a number of other initiatives that deliver value and convenience to our customers. These included the upgrade of our retail internet banking platform and delivering to many of our customers, electronic statements which incorporate copies of the cheques negotiated. We continue to pursue a number of strategic initiatives, which will drive significant future benefits to our customers, employees and other stakeholders but which result in an increase in current operating expenses; our efforts in this area include ensuring that the benefits are realised in the shortest possible time. To assist our employees in managing the changes that result from these initiatives, we have instituted a change management framework and implemented a cadre of tools to support its execution.

Financial performance

For the six months ended March 31, 2013, operating income declined by 0.1%, or \$26 million, when compared with the six months ended March 31, 2012, mainly as a result of a \$2.4 billion reduction in gains on foreign currency and investment activities, due to losses arising from our participation in the debt exchanges, as well as the recent unfavourable market conditions which resulted in muted market activity. This decrease was substantially offset by:

- Net interest income, which increased by 9.8%, or \$1.0 billion, primarily due to growth in loans and investments.
- Net fee and commission income, which increased by 11.6%, or \$407 million, due primarily to increased card transaction volumes in the Payment Services segment, as well as increased fees earned from new loans, primarily in the Retail & SME segment.
- Premium income, which increased by 73.7%, or \$747 million, due mainly to the inclusion of general insurance premiums as a result of the acquisition of Advantage General Insurance Company Limited.

Provision for credit losses declined by 30.8%, or \$470 million, due mainly to losses recorded on a large loan last year, however operating expenses increased by \$646 million in the six months ended March 31, 2013, over the six months ended March 31, 2012, mainly as a result of:

- Other operating expenses, which increased by 27.7%, or \$967 million, primarily due to insurance benefits and reserving expenses related to the acquisition of Advantage General Insurance Company Limited and asset taxes.
- Depreciation and amortisation, which increased by 48.5%, or \$179 million, due largely to increased capital expenditures on information technology equipment associated with our systems upgrade projects.

Financial performance (continued)

Loans and advances, which totalled \$128.8 billion (net of provision for credit losses) as at March 31, 2013, grew by 24.9%, or \$25.7 billion, compared to the loan portfolio as at March 31, 2012. Non-performing loans totalled \$7.5 billion as at March 31, 2013 (\$7.5 billion as at March 31, 2012) and represented 5.7% of the gross loans compared to 7.1% as at March 31, 2012. Our activities to ensure that delinquency management processes remain robust and proactive are ongoing and we continue to make the necessary adjustments to respond to changes in the environment. The regulatory provision coverage at March 31, 2013 was 117.3% of non-performing loans compared to 114.3% at March 31, 2012.

As reported by the Bank of Jamaica, at December 31, 2012, NCBJ held the largest market share in loans (38.7%) and second largest market share in deposits (38.3%) in the commercial banking industry, and remains the largest commercial bank in Jamaica when measured by assets and capital base.

Segment performance for the six months ended March 31, 2013

The commercial banking activities, comprising, Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments produced combined operating profits of \$2.4 billion, for the six months ended March 31, 2013, a decrease of 24.1%, or \$757 million, when compared to the six months ended March 31, 2012.

Retail & SME

Operating profits of \$342 million increased by 11.2%, or \$34 million, primarily due to increased interest income and fee and commission income driven by the growth in the loan portfolio, despite increased provisions for credit losses and operating expenses.

Payment Services

Operating profits of \$985 million increased by 10.3%, or \$92 million, driven mainly by increased net interest income and net fee and commission income, due to continued growth in the credit card receivables portfolio and acquiring business in the six months ended March 31, 2013.

Corporate Banking

Operating profits of \$531 million increased by \$592 million, mainly attributed to lower provisions for credit losses, when compared to the prior year.

Treasury & Correspondent Banking

Operating profits of \$519 million decreased by 74.0%, or \$1.5 billion, and was mostly due to losses incurred following our participation in the debt exchange programmes, resulting in losses on investment activities.

Wealth Management

Operating profits of \$2.3 billion increased by 6.4%, or \$138 million, primarily due to increased net interest income and increased dividends received.

Insurance and Pension Fund Management

Operating profits of \$1.4 billion decreased by 4.0% or \$59 million. The operating profits for this segment now include the post-acquisition earnings, reserves and operating expenses of Advantage General Insurance Company Limited. However, the impact of the operating profit from this acquisition was reduced mainly by a reduction in interest income and gains on foreign currency and investment activities.

Capital management

The Group's stockholders' equity of \$68.2 billion as at March 31, 2013 grew by 7.9%, or \$5.0 billion, when compared to March 31, 2012.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 12.5% (March 31, 2012 – 14.4%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCB Capital Markets Limited (NCBCM) was 21.3% (March 31, 2012 – 32.0%).
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCB Insurance Company Limited (NCBIC) was 35.1% (March 31, 2012 – 35.1%).

Dividends

The Board of Directors, at its meeting on April 25, 2013, declared an interim dividend of \$0.16 per ordinary stock unit. The dividend is payable on May 24, 2013 for stockholders on record as at May 10, 2013.

Corporate Social Responsibility

In pursuit of building the communities we serve, we contributed over \$22 million to a number of social projects during the six months ended March 31, 2013. The areas of focus were Education, Community Development and Youth Leadership and Entrepreneurship and some of our activities for the current quarter are highlighted below.

Education

We supported the Jamaica Chamber of Commerce (JCC) Education Committee's Literacy Intervention Programme. The programme, which is designed to assist 40 at risk students, aged 16-21 years, from inner-city communities and is aimed at improving their reading and numeracy skills, thus enhancing their employment marketability.

Community Development

During the quarter, we assisted community-based organisations and institutions whose activities impact community members in a meaningful way. Among the initiatives supported were the St. Patrick's Foundation youth empowerment programme, namely St. Patrick's Rangers and their Christ Redeemer Human Resource Centre, which currently serves 127 young adults.

Youth Leadership & Entrepreneurship

In this area, we assisted visually impaired students from the Heart College of Beauty Services in acquiring educational tools and equipment.

We are extremely grateful to our customers, shareholders, employees and other key stakeholders whose support has allowed us to fulfil our mantra of *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 March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Note	CURRENT YEAR			PRIOR YEAR	
		Quarter ended	Quarter ended	Year to date	Quarter ended	Year to date
		March 31	December 31	March 31	March 31	March 31
		2013	2012	2013	2012	2012
		\$'000	\$'000	\$'000	\$'000	\$'000
Operating income						
Interest income		8,139,446	8,192,303	16,331,749	7,506,659	15,053,857
Interest expense		(2,252,413)	(2,292,387)	(4,544,800)	(2,107,571)	(4,315,169)
Net interest income		5,887,033	5,899,916	11,786,949	5,399,088	10,738,688
Fee and commission income		2,313,624	2,417,482	4,731,106	2,044,628	4,081,195
Fee and commission expense		(461,762)	(346,185)	(807,947)	(320,683)	(564,987)
Net fee and commission income		1,851,862	2,071,297	3,923,159	1,723,945	3,516,208
(Loss)/gain on foreign currency and investment activities	4	(728,717)	796,273	67,556	1,428,328	2,434,947
Dividend income		51,040	113,415	164,455	6,591	37,259
Premium income	6	1,506,276	262,170	1,768,446	739,817	1,021,362
Other operating income		32,833	19,993	52,826	25,374	40,649
		861,432	1,191,851	2,053,283	2,200,110	3,534,217
		8,600,327	9,163,064	17,763,391	9,323,143	17,789,113
Operating expenses						
Staff costs		2,793,522	2,800,496	5,594,018	2,618,731	5,332,835
Provision for credit losses		493,705	563,014	1,056,719	1,214,288	1,526,795
Depreciation and amortisation		291,477	256,175	547,652	198,047	368,761
Impairment losses on securities		-	-	-	314,000	314,000
Other operating expenses		3,294,461	2,033,283	5,327,744	2,464,989	4,337,693
		6,873,165	5,652,968	12,526,133	6,810,055	11,880,084
Operating profit		1,727,162	3,510,096	5,237,258	2,513,088	5,909,029
Share of profit of associates		252,222	165,662	417,884	178,308	323,729
Dilution of share in associate		-	1,050	1,050	-	-
Profit before taxation		1,979,384	3,676,808	5,656,192	2,691,396	6,232,758
Taxation		(234,932)	(890,448)	(1,125,380)	(687,594)	(1,460,004)
NET PROFIT		1,744,452	2,786,360	4,530,812	2,003,802	4,772,754
Earnings per stock unit (expressed in \$ per share)						
Basic and diluted		0.71	1.13	1.84	0.81	1.93

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended March 31 2013 \$'000	Quarter ended December 31 2012 \$'000	Year to date March 31 2013 \$'000	Quarter ended March 31 2012 \$'000	Year to date March 31 2012 \$'000
Net Profit	1,744,452	2,786,360	4,530,812	2,003,802	4,772,754
Other comprehensive income, net of tax					
Currency translation gains	150,869	74,074	224,943	42,598	47,933
Unrealised (losses)/gains on available-for-sale investments	(1,395,935)	(75,956)	(1,471,891)	(194,463)	281,159
Realised fair value losses/(gains) on sale and maturity of available-for-sale investments	1,049,491	(379,753)	669,738	(1,185,906)	(2,085,733)
	(195,575)	(381,635)	(577,210)	(1,337,771)	(1,756,641)
TOTAL COMPREHENSIVE INCOME	1,548,877	2,404,725	3,953,602	666,031	3,016,113

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position

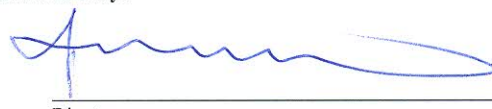
March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

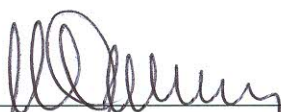
	Note	March 31 2013 \$'000	September 30 2012 \$'000	Restated March 31 2012 \$'000
ASSETS				
Cash in hand and balances at Bank of Jamaica		26,157,152	24,102,812	21,298,524
Due from other banks		17,128,374	14,927,069	17,940,402
Derivative financial instruments		6,337	4,978	21,084
Investment securities at fair value through profit or loss		433,761	720,406	1,034,377
Reverse repurchase agreements		513,895	408,294	1,761,875
Loans and advances, net of provision for credit losses		128,821,798	111,904,854	103,129,915
Investment securities classified as available-for-sale and loans and receivables	4	219,270,106	209,933,151	208,617,883
Investment in associates		7,160,781	7,149,680	6,670,764
Investment properties	7	945,400	12,500	12,500
Intangible assets	8	1,748,041	1,135,599	988,480
Property, plant and equipment		5,565,471	5,231,798	4,568,493
Deferred income tax assets		142,465	19,483	26,130
Income tax recoverable		2,170,070	887,577	1,391,836
Customers' liability - letters of credit and undertaking		619,399	530,719	322,249
Other assets		3,397,848	2,466,599	2,893,604
Total assets		414,080,898	379,435,519	370,678,116
LIABILITIES				
Due to other banks		17,451,158	9,324,897	8,869,352
Customer deposits		171,194,319	162,930,350	161,986,131
Repurchase agreements		109,887,157	101,890,449	90,405,867
Obligations under securitisation arrangements		1,524,900	2,593,201	11,040,453
Derivative financial instruments		275	5,312	5,513
Other borrowed funds		4,490,079	3,620,012	3,698,123
Income tax payable		11,590	11,191	20,524
Deferred income tax liabilities		2,017,394	1,398,092	1,582,119
Liabilities under annuity and insurance contracts	9	32,430,171	25,194,324	24,499,521
Provision for litigation		16,500	17,300	19,300
Post-employment benefit obligations		1,022,816	810,276	645,641
Liability - letters of credit and undertaking		619,399	530,719	322,249
Other liabilities		5,254,637	4,766,075	4,362,055
Total liabilities		345,920,395	313,092,198	307,456,848
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		1,619,810	2,194,179	3,388,767
Loan loss reserve		4,892,856	4,662,842	4,664,603
Banking reserve fund		6,512,634	6,512,634	6,327,078
Retained earnings reserve		15,346,657	14,013,657	14,013,657
Retained earnings		33,326,203	32,497,666	28,364,820
Total stockholders' equity		68,160,503	66,343,321	63,221,268
Total equity and liabilities		414,080,898	379,435,519	370,678,116

Approved for issue by the Board of Directors on April 25, 2013 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 March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee 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 October 1, 2011	6,465,731	(3,388)	5,166,594	4,922,610	6,039,667	11,375,761	28,010,289	61,977,264
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 Banking reserve fund	-	-	-	-	287,411	-	(287,411)	-
Transfer to Retained earnings reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Balance at March 31, 2012	6,465,731	(3,388)	3,388,767	4,664,603	6,327,078	14,013,657	28,364,820	63,221,268
Balance as at October 1, 2012	6,465,731	(3,388)	2,194,179	4,662,842	6,512,634	14,013,657	32,497,666	66,343,321
Total comprehensive income	-	-	(574,369)	2,841	-	-	4,530,812	3,959,284
Dividends paid	-	-	-	-	-	-	(2,142,102)	(2,142,102)
Transfer to Retained earnings reserve	-	-	-	-	-	1,333,000	(1,333,000)	-
Transfer to Loan loss reserve	-	-	-	227,173	-	-	(227,173)	-
Balance at March 31, 2013	6,465,731	(3,388)	1,619,810	4,892,856	6,512,634	15,346,657	33,326,203	68,160,503

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	March 31	March 31
	2013	2012
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	4,530,812	4,772,754
Adjustments to reconcile net profit to net cash provided by operating activities	(3,567,417)	(644,413)
Net cash provided by operating activities	<u>963,395</u>	<u>4,128,341</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(318,426)	(487,705)
Acquisition of intangible asset - computer software	(225,971)	(221,067)
Acquisition of subsidiary	(2,662,725)	-
Proceeds from disposal of property, plant and equipment	1,870	3,646
Purchases of investment securities	(253,140,150)	(141,335,332)
Sales/maturities of investment securities	246,421,692	133,639,864
Dividends received from associates	194,355	98,357
Net cash used in investing activities	<u>(9,729,355)</u>	<u>(8,302,237)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(876,602)	(3,384,079)
Proceeds from other borrowed funds	1,406,123	724,602
Repayments of other borrowed funds	(465,100)	(2,486,220)
Dividends paid	(2,142,102)	(1,772,109)
Net cash used in financing activities	<u>(2,077,681)</u>	<u>(6,917,806)</u>
Effect of exchange rate changes on cash and cash equivalents	1,541,707	650,720
Net decrease in cash and cash equivalents	(9,301,934)	(10,440,982)
Cash and cash equivalents at beginning of period	16,717,197	38,609,519
Cash and cash equivalents at end of period	<u>7,415,263</u>	<u>28,168,537</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica	6,439,352	4,272,727
Due from other banks	17,128,374	17,940,402
Reverse repurchase agreements	275,877	130,000
Investment securities	1,022,818	14,694,760
Due to other banks	(17,451,158)	(8,869,352)
	<u>7,415,263</u>	<u>28,168,537</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2013

	Consumer & SME							Eliminations	Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
External revenue	6,580,152	3,460,526	1,984,181	2,654,410	4,490,527	3,926,264	20,078	-	23,116,138
Revenue from other segments	1,395,211	-	844	864,615	364,575	31,656	44,254	(2,701,155)	-
Total revenue	7,975,363	3,460,526	1,985,025	3,519,025	4,855,102	3,957,920	64,332	(2,701,155)	23,116,138
Interest income	6,206,420	1,275,373	1,682,252	4,084,566	4,046,354	1,459,836	17,441	(2,440,961)	16,331,281
Interest expense	(752,992)	(336,523)	(894,280)	(2,455,606)	(2,013,761)	(522,043)	(235)	2,440,961	(4,534,479)
Net interest income	5,453,428	938,850	787,972	1,628,960	2,032,593	937,793	17,206	-	11,796,802
Net fee and commission income	1,601,739	1,360,935	284,304	90,997	51,290	486,915	45,552	(64,041)	3,857,691
Gain/(loss) on foreign currency and investment activities	89,339	6,177	12,310	(865,809)	643,227	178,657	(20,671)	22,690	65,920
Premium income	-	-	-	-	-	1,783,145	-	(14,699)	1,768,446
Other income	32,349	2,610	1,715	206,691	113,524	49,368	22,009	(220,174)	208,092
Total operating income	7,176,855	2,308,572	1,086,301	1,060,839	2,840,634	3,435,878	64,096	(276,224)	17,696,951
Staff costs	2,661,198	140,571	118,706	65,459	209,623	376,674	30,570	(15,533)	3,587,268
Provision for credit losses	741,194	349,764	(34,244)	-	-	-	-	-	1,056,714
Depreciation and amortisation	75,549	39,893	2,763	51,365	3,797	24,254	744	11,940	210,305
Other operating expenses	1,053,295	461,244	277,164	315,424	333,293	1,636,387	12,150	(84,636)	4,004,321
Total operating expense	4,531,236	991,472	364,389	432,248	546,713	2,037,315	43,464	(88,229)	8,858,608
Operating profit before allocated costs	2,645,619	1,317,100	721,912	628,591	2,293,921	1,398,563	20,632	(187,995)	8,838,343
Allocated costs	(2,303,340)	(332,210)	(190,490)	(109,160)	-	-	-	-	(2,935,200)
Operating profit	342,279	984,890	531,422	519,431	2,293,921	1,398,563	20,632	(187,995)	5,903,143
Unallocated corporate expenses									(665,885)
Share of profits of associates									417,884
Dilution of share in associate									1,050
Profit before taxation									5,656,192
Taxation									(1,125,380)
Net Profit									4,530,812
Segment assets	146,035,509	10,472,845	53,038,287	131,852,405	118,771,205	44,346,758	1,066,471	(102,840,603)	402,742,878
Associates									7,160,781
Unallocated assets									4,177,239
Total assets									414,080,898
Segment liabilities	131,742,524	7,352,849	41,848,575	121,398,510	102,692,958	32,742,127	288,951	(94,697,557)	343,368,936
Unallocated liabilities									2,551,459
Total liabilities									345,920,395
Capital expenditure	383,652	65,802	13,189	21,121	13,295	40,485	6,853	-	544,397

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2012

	Consumer & SME							Eliminations	Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
External revenue	5,776,220	2,701,173	1,899,700	4,317,592	4,680,117	3,248,648	45,819	-	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	7,326,011	2,701,173	1,901,084	4,809,489	4,910,658	3,281,539	138,045	(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	17,183	(2,153,334)	15,053,336
Interest expense	(721,081)	(272,241)	(530,655)	(2,445,830)	(1,967,068)	(517,387)	(1,053)	2,153,334	(4,301,981)
Net interest income	4,925,790	746,364	1,044,382	1,182,160	1,925,948	910,581	16,130	-	10,751,355
Net fee and commission income	1,497,007	1,099,912	308,842	86,026	80,266	419,719	47,971	(93,640)	3,446,103
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 operating income	31,185	3,495	2,045	120,656	15,741	7,608	22,684	(141,827)	61,587
Total operating income	6,520,743	1,853,958	1,368,642	2,457,436	2,946,749	2,764,180	82,443	(287,832)	17,706,319
Staff costs	2,382,189	98,485	115,075	86,719	228,425	276,454	49,030	(13,736)	3,222,641
Provision for credit losses	319,677	179,373	1,027,934	-	-	-	-	-	1,526,984
Depreciation and amortisation	66,696	28,282	2,544	32,414	2,648	17,996	475	-	151,055
Impairment losses on securities	-	-	-	-	314,000	-	-	-	314,000
Other operating expenses	1,149,822	342,297	80,185	187,935	245,970	1,012,520	12,224	(139,105)	2,891,848
Total operating expenses	3,918,384	648,437	1,225,738	307,068	791,043	1,306,970	61,729	(152,841)	8,106,528
Operating profit before allocated cost	2,602,359	1,205,521	142,904	2,150,368	2,155,706	1,457,210	20,714	(134,991)	9,599,791
Allocated costs	(2,294,469)	(312,678)	(203,590)	(155,704)	-	-	-	-	(2,966,441)
Operating profit	307,890	892,843	(60,686)	1,994,664	2,155,706	1,457,210	20,714	(134,991)	6,633,350
Unallocated corporate expenses									(724,321)
Share of profit of associates									323,729
Profit before taxation									6,232,758
Taxation									(1,460,004)
Net Profit									4,772,754
Segment assets	134,260,543	8,180,681	49,353,318	125,912,159	103,611,218	33,032,246	1,067,144	(93,110,995)	362,306,314
Associates									6,670,764
Unallocated assets									1,701,038
Total assets									370,678,116
Segment liabilities	126,042,351	6,544,675	35,554,033	115,018,083	88,088,290	24,605,183	232,675	(90,681,087)	305,404,203
Unallocated liabilities									2,052,645
Total liabilities									307,456,848
Capital expenditure	473,703	81,122	15,592	79,130	25,617	27,694	5,914	-	708,772

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2013

(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 50.63% (March 31, 2012 - 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, 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 six months ended March 31, 2013 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 September 30, 2012 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 September 30, 2012.

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 services.
- 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, general insurance, pension and investment management services.
- The Group's insurance brokerage services, trustee services, registrar and transfer agent services are classified as Other for segment reporting.

4. National Debt Exchange and Private Debt Exchange

On February 22, 2013 and March 22, 2013, the Group exchanged an aggregate of \$125 billion of Government of Jamaica securities in a National Debt Exchange and Private Debt Exchange. The securities were exchanged for other securities with lower coupons and longer maturities. The aggregate loss on these transactions is included in (loss)/gain on foreign currency and investment activities for the six months ended March 31, 2013.

5. Acquisition of Advantage General Insurance Company Limited

NCB Capital Markets Limited acquired 100% of the issued share capital of Advantage General Insurance Company Limited (AGI) during the quarter ended March 31, 2013. A total of 96.24% of these shares were acquired from AIC (Barbados) Limited and ACF Holdings Insureco Limited. Both AIC (Barbados) Limited and ACF Holdings Insureco Limited are controlled by the chairman of the Bank.

The excess of purchase consideration over the net identifiable assets has been recorded in the financial statements as goodwill.

In accordance with the measurement provisions of IFRS 3, the Group will retrospectively adjust the amounts recognised as at acquisition date for any additional information obtained in relation to assets, liabilities or contingent consideration recognised.

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

6. Premium income

	Year to date March 31 2013 \$'000	Year to date March 31 2012 \$'000
Annuity contracts	420,869	660,087
Life insurance contracts	437,647	361,275
General insurance contracts	909,930	-
	<u>1,768,446</u>	<u>1,021,362</u>

7. Investment properties

	March 31 2013 \$'000	September 30 2012 \$'000	March 31 2012 \$'000
Balance at beginning of year	12,500	12,000	12,000
Arising on acquisition of subsidiary	932,900	-	-
Fair value gains	-	500	500
Balance at end of period	<u>945,400</u>	<u>12,500</u>	<u>12,500</u>

The investment properties arising on acquisition of subsidiary are stated at fair market value as appraised by Allison Pitter and Company as at December 2012.

8. Intangible assets

	Computer software \$'000	Goodwill \$'000	Customer relationships \$'000	Trademark \$'000	Total \$'000
Net book value at beginning of year	1,135,599	-	-	-	1,135,599
Additions	218,865	-	-	-	218,865
Arising on acquisition of subsidiary	7,107	8,733	358,162	238,974	612,976
Amortisation charge	(207,459)	-	(9,949)	(1,991)	(219,399)
Net book value at end of period	<u>1,154,112</u>	<u>8,733</u>	<u>348,213</u>	<u>236,983</u>	<u>1,748,041</u>
Cost	3,911,731	8,733	358,162	238,974	4,517,600
Accumulated depreciation	(2,757,619)	-	(9,949)	(1,991)	(2,769,559)
Net book value	<u>1,154,112</u>	<u>8,733</u>	<u>348,213</u>	<u>236,983</u>	<u>1,748,041</u>

9. Liabilities under annuity and insurance contracts

	March 31 2013 \$'000	September 30 2012 \$'000	March 31 2012 \$'000
Annuities and life insurance	25,970,266	25,194,324	24,499,521
General insurance - arising on acquisition of subsidiary	6,459,905	-	-
	<u>32,430,171</u>	<u>25,194,324</u>	<u>24,499,521</u>

10. Proposed acquisition

NCB Capital Markets Limited, a wholly owned subsidiary of National Commercial Bank Jamaica Limited, has announced its intention to acquire AIC Finance Limited, a licensed financial institution in Trinidad and Tobago. The transaction is pending regulatory approval in both Trinidad and Tobago and Jamaica. AIC Finance Limited is an indirect subsidiary of AIC (Barbados) Limited, which is controlled by the chairman of the Bank.

**INTEREST/OWNERSHIP OF SECURITIES BY DIRECTORS AND SENIOR MANAGERS IN
NATIONAL COMMERCIAL BANK JAMAICA LIMITED
AS AT MARCH 31, 2013**

DIRECTORS	Total	Direct	Connected Parties
Robert Almeida	50,423,689	142,799	50,280,890
Wayne Chen	1,287,915,511	14,044	1,287,901,467
Dennis Cohen	73,039,457	86,480	72,952,977
Sandra Glasgow	73,015,026	65,049	72,949,977
Sanya Goffe	4,340	4,340	0
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	425,072	425,072	0
Hon. Michael Lee-Chin, OJ	1,581,303,774	1,928,972	1,579,374,802
Thalia Lyn	73,117,935	152,838	72,965,097
Prof. Alvin Wint	88,144	88,144	0
Dave Garcia (Company Secretary)	11,210	11,210	0
SENIOR MANAGERS	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Bernadette Barrow	0	0	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Ffrench Campbell	57,660	57,660	0
Nichole Case	0	0	0
Lennox Channer	354	0	354
Yvonne Clarke	67,871	67,871	0
Dennis Cohen	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Raymond Donaldson	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Howard Gordon	0	0	0
Peter Higgins	0	0	0
Barbara Hume	69,900	43,320	26,580
Patrick Hylton, CD	425,072	425,072	0
Vernon James	99,504	99,504	0
Ramon Lewis	0	0	0
Alison Lynn	36,075	36,075	0
Sheree Martin	12,436	12,436	0
Nadeen Matthews	10,000	10,000	0
Lincoln McIntyre	134,307	133,067	1,240
Anne McMorris-Cover	940	940	0
Nadienne Neita	38,914	23,502	15,412
Marva Peynado	52,338	52,338	0
Norman Reid	65,934	65,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriquez	42,147	42,147	0
Deryck Russell	229,517	108,089	121,428
Malcolm Sadler	0	0	0
Marjorie Seeberan	76,339	76,339	0
Audrey Tugwell Henry	0	0	0
Tanya Watson Francis	600	600	0
Mukisa Wilson Ricketts	0	0	0
Allison Wynter	73,050,766	100,789	72,949,977

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
10 LARGEST SHAREHOLDERS AS AT MARCH 31, 2013**

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,249,017,480	50.63%
Harprop Limited	214,372,000	8.69%
Sagicor PIF Equity Fund	114,046,550	4.62%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc	49,565,238	2.01%
Ideal Portfolio Services Company Limited	45,766,719	1.86%
Portland (Barbados) Limited	38,045,232	1.54%
SJIML A/C 3119	22,449,381	0.91%
Beta SPV Limited	21,000,000	0.85%
Grace Kennedy Pension Scheme	18,923,296	0.77%

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
SHAREHOLDER PROFILE AS AT MARCH 31, 2013**

Number of Shareholders	Ownership of Each Shareholder	Total Percentage Ownership	Number of Units
(1) shareholder with 6 accounts	50.63%	50.63%	1,249,017,480
1	6-9%	8.69%	214,372,000
5	1-4%	12.58%	310,412,895
36,081	Less than 1%	28.10%	692,960,453
36,088		100.00%	2,466,762,828