

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 nine months ended June 30, 2013.

Performance highlights

Nine months ended June 30, 2013 compared with the nine months ended June 30, 2012

- Net profit of \$6.8 billion, a decrease of 7.6%, or \$557 million.
- Earnings per stock unit of \$2.76, decreased by 7.6%, from \$2.98.
- Cost to income ratio increased to 64.94%, from 57.10%.
- Total assets of \$428.1 billion, grew by 12.6%, or \$47.8 billion.
- Return on average total assets was 2.25%, compared to 2.65%.
- Net loans of \$135.3 billion, grew by 25.7%, or \$27.7 billion.
- Customer deposits of \$171.9 billion, increased by 2.0%, or \$3.3 billion.
- Total stockholders' equity of \$70.1 billion, increased by 7.9%, or \$5.1 billion.
- Return on average stockholders' equity was 13.30%, compared to 15.46%.

Three months ended June 30, 2013 compared with the three months ended June 30, 2012

- Net profit of \$2.3 billion, decreased by 12.2%, or \$315 million.
- Earnings per stock unit of \$0.92, decreased by 12.2%, from \$1.05.
- Cost to income ratio increased to 65.58%, from 58.46%.
- Return on average total assets decreased to 2.16%, from 2.76%.
- Return on average stockholders' equity decreased to 13.15%, from 16.15%.

Three months ended June 30, 2013 compared with the three months ended March 31, 2013

- Net profit of \$2.3 billion, increased by 30.3%, or \$528 million.
- Earnings per stock unit of \$0.92, grew by 30.3%, from \$0.71.
- Cost to income ratio decreased to 65.58%, from 74.18%.
- Return on average total assets increased to 2.16%, from 1.72%.
- Return on average stockholders' equity increased to 13.15%, from 10.31%.

While the economic environment has increased the level of market risk facing the group and continues to present challenges for us, our diversified business model and our focus on our customers have allowed us to produce another strong quarter. We continued to generate revenue growth across our diversified set of businesses with operating income growing by 6.3% over the prior year. In particular, net loans grew by 25.7% over the prior year. We remain diligent in managing operating costs and our efforts to mitigate loan losses have been focused and sustained; we continue to work with our customers on an ongoing basis to reduce credit losses.

As reported by the Bank of Jamaica, at March 31, 2013, NCBJ held the largest market share in loans (40.5%) and second largest market share in deposits (35.1%) in the commercial banking industry, and remains the largest commercial bank in Jamaica when measured by assets and capital base.

Financial performance

Operating income

For the nine months ended June 30, 2013, operating income increased by 6.3%, or \$1.7 billion, when compared with the nine months ended June 30, 2012, mainly as a result of:

- Net interest income, which increased by 7.9%, or \$1.3 billion, primarily due to growth in loans and advances, and investment securities.
- Net fee and commission income, which increased by 11.6%, or \$618 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 143.4%, or \$2.1 billion, due mainly to the inclusion of general insurance premiums as a result of the acquisition of Advantage General Insurance Company Limited.

These increases were mitigated by a 78.1%, or \$2.5 billion reduction in gain on foreign currency and investment activities as a result of the adverse impact of our participation in the debt exchange programme in the second quarter of the current financial year.

Operating expenses

Operating expenses increased by \$2.9 billion or 16.9% in the nine months ended June 30, 2013, over the nine months ended June 30, 2012, mainly as a result of:

- Increases of 38.1%, or \$2.5 billion, in other operating expenses, primarily due to insurance benefits and reserving expenses related to the acquisition of Advantage General Insurance Company Limited and asset taxes.

Loans and advances

Loans and advances, which totalled \$135.3 billion (net of provision for credit losses) as at June 30, 2013, grew by 25.7%, or \$27.7 billion, compared to the loan portfolio as at June 30, 2012. Non-performing loans totalled \$6.6 billion as at June 30, 2013 (\$7.9 billion as at June 30, 2012) and represented 4.8% of the gross loans compared to 7.1% as at June 30, 2012. The reduction is due to the full or partial write-off for accounting purposes, of impaired non-performing loans which were provided for in previous periods. 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 June 30, 2013 was 120.64% of non-performing loans compared to 114.2% at June 30, 2012.

Deposits

Customer deposits were \$171.9 billion, up 2% over the prior year; savings and current account deposits were up by 9% over the prior year.

Capital

The Group's stockholders' equity of \$70.1 billion as at June 30, 2013 grew by 7.9%, or \$5.1 billion, when compared to June 30, 2012.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 12.6% (June 30, 2012 – 13.6%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCB Capital Markets Limited (NCBCM) was 21.6% (June 30, 2012 – 29.4%).
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCB Insurance Company Limited (NCBIC) was 35.6% (June 30, 2012 – 35.4%).
- The Minimum Capital Test (MCT) (ratio of available assets to required assets) for AGIC was 254.5% (June 30, 2012 – 237.8%).

Segment performance for the nine months ended June 30, 2013

The commercial banking activities, comprising, Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments produced combined operating profits of \$3.9 billion, for the nine months ended June 30, 2013, a decrease of 25.7%, or \$1.3 billion, when compared to the nine months ended June 30, 2012.

Retail & SME

Operating profits of \$446 million declined by 32.8%, or \$218 million. Operating income has increased by \$872 million, or 9%, over the prior year, driven primarily by an 18% increase in income from loans. Operating expenses have risen by \$1.2 billion, or 20%, over the prior year, mainly due to an increase in provision for credit losses.

Payment Services

Operating profits of \$1.6 billion increased by 11.0%, or \$154 million, driven mainly by increased net interest income due to growth in the credit card portfolio over the prior year, and increased fee income linked to the higher volume of transactions carried out at our point-of-sale machines. The growth in operating income was mitigated by increased operating expenses mainly due to an increase in provision for credit losses.

Corporate Banking

Operating profits of \$695 million increased by \$518 million or 291.8%, over the prior year and this is mainly attributed to lower operating expenses, which have declined by \$741 million, or 53%, due to decreased provisions for credit losses when compared to the prior year.

Treasury & Correspondent Banking

Operating profits of \$1.2 billion decreased by 60.6%, or \$1.8 billion, and this reduction was mostly due to the losses incurred on foreign currency and investment activities, and these losses are directly attributable to our participation in the debt exchange programmes.

Wealth Management

Operating profits of \$3.1 billion decreased by 2.5%, or \$79 million, primarily due to reduced operating income which was partially offset by a reduction in operating expenses. Operating income has declined by \$271 million, or 6%, due primarily to a reduction in gain on foreign currency and investment activities of \$281 million. The reduction in operating expenses is due to a lower level of impairment losses on securities when compared to the prior year performance.

Insurance and Pension Fund Management

Operating profits of \$2.2 billion increased by 6.1% or \$126 million. Operating income has increased by \$2.1 billion, or 53%, and operating expenses have increased by \$2.0 billion, or 105%, due mainly to increased income and expenses related to the insurance business following the acquisition of Advantage General Insurance Company Limited (AGIC).

Dividends

The Board of Directors, at its meeting on July 25, 2013, declared an interim dividend of \$0.08 per ordinary stock unit. The dividend is payable on August 26, 2013 for stockholders on record as at August 13, 2013.

Corporate Social Responsibility

As we continue to build the communities we serve, we contributed over \$27 million to a number of social projects during the nine months ended June 30, 2013. The areas of focus were Education, Community Development, Youth Leadership and Entrepreneurship and Sports Development and some of our activities for the current quarter are highlighted below.

Education

We partnered with the Jamaica Environment Trust in its annual awards ceremony, which culminated its island wide school environmental awareness programme. Through the Lasco R.E.A.P. programme, we deepened the thrust to incorporate environmental awareness in the activities of schools which included the creation and maintenance of greening projects and other eco-friendly practices.

Community Development

During the quarter, we participated in and supported Labour Day activities including beautification and infrastructural support for key community buildings, schools and centres across Jamaica. Among the projects supported were those carried out by the Black River Hospital, Marine Park Citizen's Association and the Windsor School of Special Education where over 150 NCB staff volunteers participated in painting the building, renovating the bathrooms and planting a small garden.

Youth Leadership & Entrepreneurship & Sports Development

In this area, we assisted youths in attending the Make Your Mark Conference; development sessions looking at administrative, operational and other related topics for on the ground learning and insights.

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

Nine months ended June 30, 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
		June 30	March 31	June 30	June 30	June 30
		2013	2013	2013	2012	2012
		\$'000	\$'000	\$'000	\$'000	\$'000
Operating income						
Interest income		8,050,389	8,139,446	24,382,138	7,739,563	22,793,420
Interest expense		(2,213,933)	(2,252,413)	(6,758,733)	(2,141,388)	(6,456,557)
Net interest income		5,836,456	5,887,033	17,623,405	5,598,175	16,336,863
Fee and commission income		2,465,299	2,313,624	7,196,405	2,088,364	6,169,559
Fee and commission expense		(462,119)	(461,762)	(1,270,066)	(296,210)	(861,197)
Net fee and commission income		2,003,180	1,851,862	5,926,339	1,792,154	5,308,362
Gain/(loss) on foreign currency and investment activities	4	621,589	(728,717)	689,145	705,888	3,140,835
Dividend income		56,821	51,040	221,276	31,667	68,926
Premium income	6	1,712,042	1,506,276	3,480,488	408,603	1,429,965
Other operating income		40,793	32,833	93,619	40,166	80,815
		2,431,245	861,432	4,484,528	1,186,324	4,720,541
		10,270,881	8,600,327	28,034,272	8,576,653	26,365,766
Operating expenses						
Staff costs		2,719,090	2,793,522	8,313,108	2,609,112	7,941,947
Provision for credit losses		726,369	493,705	1,783,088	273,971	1,800,766
Depreciation and amortisation		323,738	291,477	871,390	211,426	580,187
Impairment losses on securities		87,136	-	87,136	-	314,000
Other operating expenses		3,692,640	3,294,461	9,020,384	2,193,723	6,531,416
		7,548,973	6,873,165	20,075,106	5,288,232	17,168,316
Operating profit		2,721,908	1,727,162	7,959,166	3,288,421	9,197,450
Share of profit of associates		200,545	252,222	618,429	157,527	481,256
Dilution gain/(loss) of share in associate		5,269	-	6,319	(67,618)	(67,618)
Profit before taxation		2,927,722	1,979,384	8,583,914	3,378,330	9,611,088
Taxation		(655,024)	(234,932)	(1,780,404)	(790,720)	(2,250,724)
NET PROFIT		2,272,698	1,744,452	6,803,510	2,587,610	7,360,364
Earnings per stock unit (expressed in \$ per share)						
Basic and diluted		0.92	0.71	2.76	1.05	2.98

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Nine months ended June 30, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended June 30 2013 \$'000	Quarter ended March 31 2013 \$'000	Year to date June 30 2013 \$'000	Quarter ended June 30 2012 \$'000	Year to date June 30 2012 \$'000
Net Profit	2,272,698	1,744,452	6,803,510	2,587,610	7,360,364
Other comprehensive income, net of tax					
Currency translation gains	79,186	150,869	304,129	74,005	121,938
Unrealised gains/(losses) on available-for-sale investments	624,857	(1,395,935)	(847,034)	17,486	298,645
Realised fair value (gains)/losses on sale and maturity of available-for-sale investments	(624,713)	1,049,491	45,025	(392,029)	(2,477,762)
	79,330	(195,575)	(497,880)	(300,538)	(2,057,179)
TOTAL COMPREHENSIVE INCOME	2,352,028	1,548,877	6,305,630	2,287,072	5,303,185

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position

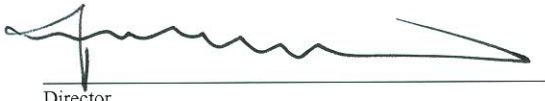
June 30, 2013

(expressed in Jamaican dollars unless otherwise indicated)

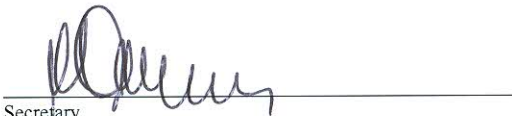
	Note	June 30 2013 S'000	September 30 2012 S'000	Restated June 30 2012 S'000
ASSETS				
Cash in hand and balances at Bank of Jamaica		23,987,148	24,102,812	22,406,087
Due from other banks		16,782,803	14,927,069	22,581,176
Derivative financial instruments		1,840	4,978	43,973
Investment securities at fair value through profit or loss		578,352	720,406	1,308,580
Reverse repurchase agreements		509,509	408,294	1,747,999
Loans and advances, net of provision for credit losses		135,277,883	111,904,854	107,577,325
Investment securities classified as available-for-sale and loans and receivables	4	227,111,266	209,933,151	207,647,446
Investment in associates		7,950,108	7,149,680	6,625,785
Investment properties	7	945,400	12,500	12,500
Intangible assets	8	1,881,328	1,135,599	1,016,698
Property, plant and equipment		5,596,281	5,231,798	4,962,502
Deferred income tax assets		227,306	19,483	25,621
Income tax recoverable		2,015,635	887,577	1,248,506
Customers' liability - letters of credit and undertaking		1,064,488	530,719	591,914
Other assets		4,162,441	2,466,599	2,482,827
Total assets		428,091,788	379,435,519	380,278,939
LIABILITIES				
Due to other banks		16,245,744	9,324,897	11,188,686
Customer deposits		171,926,835	162,930,350	168,599,325
Repurchase agreements		112,286,511	101,890,449	95,557,813
Obligations under securitisation arrangements	9	9,895,517	2,593,201	3,149,973
Derivative financial instruments		50,374	5,312	18,749
Other borrowed funds		4,311,301	3,620,012	3,565,886
Income tax payable		11,423	11,191	104,965
Deferred income tax liabilities		2,181,976	1,398,092	1,974,226
Liabilities under annuity and insurance contracts	10	33,470,175	25,194,324	24,932,464
Provision for litigation		11,500	17,300	18,150
Post-employment benefit obligations		1,082,816	810,276	703,194
Liability - letters of credit and undertaking		1,064,488	530,719	591,914
Other liabilities		5,440,230	4,766,075	4,882,119
Total liabilities		357,978,890	313,092,198	315,287,464
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		1,693,458	2,194,179	3,045,849
Loan loss reserve		4,846,155	4,662,842	4,804,724
Banking reserve fund		6,512,634	6,512,634	6,512,634
Retained earnings reserve		17,587,657	14,013,657	14,013,657
Retained earnings		33,010,651	32,497,666	30,152,268
Total stockholders' equity		70,112,898	66,343,321	64,991,475
Total equity and liabilities		428,091,788	379,435,519	380,278,939

Approved for issue by the Board of Directors on July 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

Nine months ended June 30, 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	-	-	(2,120,745)	63,566	-	-	7,360,364	5,303,185
Dividends paid	-	-	-	-	-	-	(2,288,974)	(2,288,974)
Transfer from Loan loss reserve	-	-	-	(181,452)	-	-	181,452	-
Transfer to Banking reserve fund	-	-	-	-	472,967	-	(472,967)	-
Transfer to Retained earnings reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Balance at June 30, 2012	6,465,731	(3,388)	3,045,849	4,804,724	6,512,634	14,013,657	30,152,268	64,991,475
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	-	-	(500,721)	2,841	-	-	6,803,510	6,305,630
Dividends paid	-	-	-	-	-	-	(2,536,053)	(2,536,053)
Transfer to Retained earnings reserve	-	-	-	-	-	3,574,000	(3,574,000)	-
Transfer to Loan loss reserve	-	-	-	180,472	-	-	(180,472)	-
Balance at June 30, 2013	6,465,731	(3,388)	1,693,458	4,846,155	6,512,634	17,587,657	33,010,651	70,112,898

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Nine months ended June 30, 2013

(expressed in Jamaican dollars unless otherwise indicated)

	June 30	June 30
	2013	2012
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	6,803,510	7,360,364
Adjustments to reconcile net profit to net cash provided by operating activities	(7,078,276)	7,409,909
Net cash (used in)/provided by operating activities	<u>(274,766)</u>	<u>14,770,273</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(534,394)	(1,007,623)
Acquisition of intangible asset - computer software	(501,102)	(334,141)
Acquisition of subsidiary	(2,910,325)	-
Proceeds from disposal of property, plant and equipment	8,495	4,274
Purchases of investment securities	(192,852,858)	(197,031,817)
Sales/maturities of investment securities	179,636,426	185,678,129
Dividends received from associates	194,355	146,761
Net cash used in investing activities	<u>(16,959,403)</u>	<u>(12,544,417)</u>
Cash Flows from Financing Activities		
Proceeds from securitisation arrangements	9,640,592	-
Repayments under securitisation arrangements	(1,925,335)	(11,045,482)
Proceeds from other borrowed funds	1,489,523	797,594
Repayments of other borrowed funds	(892,576)	(2,688,831)
Dividends paid	(2,536,053)	(2,288,974)
Net cash provided by/(used in) financing activities	<u>5,776,151</u>	<u>(15,225,693)</u>
Effect of exchange rate changes on cash and cash equivalents	2,159,532	1,105,912
Net decrease in cash and cash equivalents	(9,298,486)	(11,893,925)
Cash and cash equivalents at beginning of period	16,717,197	38,609,519
Cash and cash equivalents at end of period	<u>7,418,711</u>	<u>26,715,594</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica	4,663,652	5,325,757
Due from other banks	16,782,803	22,581,176
Reverse repurchase agreements	400,000	2,379,978
Investment securities	1,818,000	7,617,369
Due to other banks	(16,245,744)	(11,188,686)
	<u>7,418,711</u>	<u>26,715,594</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended June 30, 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	10,084,295	5,300,318	3,047,849	4,390,237	6,438,209	6,763,667	38,496	-	36,063,071
Revenue from other segments	1,813,494	-	1,169	1,415,695	577,105	46,089	82,942	(3,936,494)	-
Total revenue	11,897,789	5,300,318	3,049,018	5,805,932	7,015,314	6,809,756	121,438	(3,936,494)	36,063,071
Interest income	9,204,533	1,942,083	2,639,245	6,134,526	5,865,211	2,191,178	24,727	(3,620,029)	24,381,474
Interest expense	(1,043,470)	(503,768)	(1,410,463)	(3,619,518)	(3,025,922)	(759,552)	(336)	3,620,029	(6,743,000)
Net interest income	8,161,063	1,438,315	1,228,782	2,515,008	2,839,289	1,431,626	24,391	-	17,638,474
Net fee and commission income	2,412,538	2,058,680	373,929	139,796	63,534	766,261	67,650	(78,608)	5,803,780
Gain/(loss) on foreign currency and investment activities	134,796	9,678	23,569	(692,376)	941,626	274,250	(4,086)	(2,687)	684,770
Premium income	-	-	-	-	-	3,502,551	-	(22,063)	3,480,488
Other income	50,637	4,383	3,114	218,670	142,726	75,516	33,146	(243,926)	284,266
Total operating income	10,759,034	3,511,056	1,629,394	2,181,098	3,987,175	6,050,204	121,101	(347,284)	27,891,778
Staff costs	3,916,020	203,982	170,765	94,835	299,692	662,160	51,357	(23,177)	5,375,634
Provision for credit losses	1,199,576	518,035	64,896	-	-	-	-	-	1,782,507
Depreciation and amortisation	111,320	62,996	4,036	78,343	5,724	41,594	1,115	29,851	334,979
Impairment losses on securities	-	-	-	-	87,136	-	-	-	87,136
Other operating expenses	1,737,233	683,872	419,098	687,309	473,073	3,165,592	17,278	(121,950)	7,061,505
Total operating expense	6,964,149	1,468,885	658,795	860,487	865,625	3,869,346	69,750	(115,276)	14,641,761
Operating profit before allocated costs	3,794,885	2,042,171	970,599	1,320,611	3,121,550	2,180,858	51,351	(232,008)	13,250,017
Allocated costs	(3,348,685)	(481,139)	(275,486)	(156,658)	-	-	-	-	(4,261,968)
Operating profit	446,200	1,561,032	695,113	1,163,953	3,121,550	2,180,858	51,351	(232,008)	8,988,049
Unallocated corporate expenses									(1,028,883)
Share of profit of associates									618,429
Dilution of share in associate									6,319
Profit before taxation									8,583,914
Taxation									(1,780,404)
Net Profit									6,803,510
Segment assets	145,808,908	11,293,308	59,015,622	133,416,116	119,447,882	45,557,907	1,017,453	(98,568,954)	416,988,242
Associates									7,950,108
Unallocated assets									3,153,438
Total assets									428,091,788
Segment liabilities	134,251,843	7,293,961	43,612,220	123,239,305	103,358,627	33,691,564	213,392	(90,484,792)	355,176,120
Unallocated liabilities									2,802,770
Total liabilities									357,978,890
Capital expenditure	643,761	162,589	30,064	30,044	49,826	85,152	34,060	-	1,035,496

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended June 30, 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	8,861,495	4,149,604	2,747,665	6,399,639	6,794,136	4,670,316	60,665	-	33,683,520
Revenue from other segments	2,268,421	-	-	780,022	410,679	52,848	141,814	(3,653,784)	-
Total revenue	11,129,916	4,149,604	2,747,665	7,179,661	7,204,815	4,723,164	202,479	(3,653,784)	33,683,520
Interest income	8,587,286	1,532,579	2,377,389	5,628,739	5,802,633	2,145,260	26,954	(3,308,184)	22,792,656
Interest expense	(1,134,041)	(414,877)	(841,844)	(3,624,618)	(2,948,259)	(781,185)	(1,184)	3,308,184	(6,437,824)
Net interest income	7,453,245	1,117,702	1,535,545	2,004,121	2,854,374	1,364,075	25,770	-	16,354,832
Net fee and commission income	2,288,142	1,742,457	347,009	129,019	139,165	655,514	65,787	(148,647)	5,218,446
Gain on foreign currency and investment activities	97,975	6,264	18,453	1,381,929	1,222,367	459,999	(18,632)	(40,391)	3,127,964
Premium income	-	-	-	-	-	1,452,666	-	(22,701)	1,429,965
Other operating income	47,903	4,414	2,985	169,705	41,791	13,398	32,902	(186,021)	127,077
Total operating income	9,887,265	2,870,837	1,903,992	3,684,774	4,257,697	3,945,652	105,827	(397,760)	26,258,284
Staff costs	3,579,279	154,891	167,504	118,900	342,063	397,405	71,906	(21,886)	4,810,062
Provision for credit losses	490,948	285,040	1,025,158	-	-	-	-	-	1,801,146
Depreciation and amortisation	101,054	46,487	3,866	57,825	3,765	26,822	711	-	240,530
Impairment losses on securities	-	-	-	-	314,000	-	-	-	314,000
Other operating expenses	1,621,325	513,603	203,077	274,870	397,053	1,466,789	17,092	(188,726)	4,305,083
Total operating expenses	5,792,606	1,000,021	1,399,605	451,595	1,056,881	1,891,016	89,709	(210,612)	11,470,821
Operating profit before allocated cost	4,094,659	1,870,816	504,387	3,233,179	3,200,816	2,054,636	16,118	(187,148)	14,787,463
Allocated costs	(3,430,652)	(464,241)	(326,964)	(277,183)	-	-	-	-	(4,499,040)
Operating profit	664,007	1,406,575	177,423	2,955,996	3,200,816	2,054,636	16,118	(187,148)	10,288,423
Unallocated corporate expenses									(1,090,973)
Share of profit of associates									481,256
Dilution of share in associate									(67,618)
Profit before taxation									9,611,088
Taxation									(2,250,724)
Net Profit									7,360,364
Segment assets	140,338,732	8,539,163	44,021,723	126,492,470	108,971,380	33,701,477	974,342	(92,651,645)	370,387,642
Associates									6,625,785
Unallocated assets									3,265,512
Total assets									380,278,939
Segment liabilities	126,129,083	6,686,685	38,355,350	113,126,445	93,149,831	25,085,339	163,589	(90,166,812)	312,529,510
Unallocated liabilities									2,757,954
Total liabilities									315,287,464
Capital expenditure	962,010	144,463	26,085	95,605	44,410	51,752	17,439	-	1,341,764

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

June 30, 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% (June 30, 2012 - 51.71%) 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 nine months ended June 30, 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 gain/(loss) on foreign currency and investment activities for the quarter 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 provision 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.

6. Premium income

	Year to date	Year to date
	June 30	June 30
	2013	2012
	\$'000	\$'000
Annuity contracts	650,060	860,709
Life insurance contracts	647,805	569,256
General insurance	2,182,623	-
	<u>3,480,488</u>	<u>1,429,965</u>

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

June 30, 2013

(expressed in Jamaican dollars unless otherwise indicated)

7. Investment properties

	June 30 2013 \$'000	September 30 2012 \$'000	June 30 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	Goodwill	Customer relationships	Trademark	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	June 2013				
Net book value at beginning of year	1,135,599	-	-	-	1,135,599
Additions	502,004	-	-	-	502,004
Arising on acquisition of subsidiary	7,107	8,732	358,162	238,974	612,975
Amortisation charge	(339,400)	-	(24,872)	(4,978)	(369,250)
Net book value at end of period	<u>1,305,310</u>	<u>8,732</u>	<u>333,290</u>	<u>233,996</u>	<u>1,881,328</u>
Cost	4,193,981	8,732	358,162	238,974	4,799,849
Accumulated depreciation	(2,888,671)	-	(24,872)	(4,978)	(2,918,521)
Net book value	<u>1,305,310</u>	<u>8,732</u>	<u>333,290</u>	<u>233,996</u>	<u>1,881,328</u>

9. Obligations under securitisation arrangements

In March 2006, the Bank raised US\$100,000,000 in structured financing backed by the securitisation of Diversified Payment Rights (DPR) arising under its existing and future US dollar Payment Advice and Payment Order (MT100 Series) and US dollar remittances. The Series 2006-1 Notes matured on March 15, 2013.

In July 2007, the Bank raised an additional US\$50,000,000 in financing backed by the securitisation of its Diversified Payment Rights with the issue of the Series 2007-1 Notes. The transaction was structured with an interest only period of one year and thereafter principal amortisation on a straight line basis, beginning June 15, 2008 to final maturity on June 15, 2015. Interest is due and payable on a quarterly basis at a fixed rate of 7.435%.

On May 30, 2013, the Bank executed an early redemption of the Series 2007-1 Notes and simultaneously raised an additional US\$100,000,000 under the DPR program with the issue of the Series 2013-1 Notes. The new transaction was structured with an interest only period of eighteen months and thereafter quarterly principal amortisation on a straight line basis, beginning September 15, 2014 to final maturity on March 15, 2018. Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 675 basis points beginning September 15, 2013.

10. Liability under annuity and insurance contracts

	June 30 2013 \$'000	September 30 2012 \$'000	June 30 2012 \$'000
Annuities and life insurance	26,265,885	25,194,324	24,932,464
General insurance - arising on acquisition of subsidiary	7,204,290	-	-
	<u>33,470,175</u>	<u>25,194,324</u>	<u>24,932,464</u>

11. 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.

12. Restatement

In August 2011, the Group acquired an associate interest in Jamaica Money Market Brokers Limited (JMMB). In accordance with the 'measurement period' provisions in IFRS 3, the Group's share of the identifiable net assets acquired was determined provisionally from the published interim financial statements of JMMB as at June 30, 2011. During the fourth quarter of the financial year ended September 30, 2012, the fair value of the share of net assets, including intangible assets, was finalised, resulting in the restatement of the prior year financial statements.

The carrying value of investment in associates in the statement of financial position as at June 30, 2012 was increased by \$850,872,000 with a corresponding increase in retained earnings.

**INTEREST/OWNERSHIP OF SECURITIES BY DIRECTORS AND SENIOR MANAGERS IN NATIONAL
COMMERCIAL BANK JAMAICA LIMITED
AS AT JUNE 30, 2013**

DIRECTORS	Total	Direct	Connected Parties
Robert Almeida	50,424,473	143,583	50,280,890
Wayne Chen	1,288,048,385	14,044	1,288,034,341
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	1,581,149,443	1,941,767	1,579,207,676
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 Rodriguez	42,147	42,147	0
Deryck Russell	229,517	108,089	121,428
Malcolm Sadler	0	0	0
Majorie Seeberan	76,339	76,339	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	16,640	16,640	0
Tanya Watson Francis	0	0	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 JUNE 30, 2013**

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,249,017,480	50.63%
Harprop Limited	214,372,000	8.69%
Sagikor 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	45,948,121	1.86%
Portland (Barbados) Limited	38,178,106	1.55%
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 JUNE 30, 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	1-5%	12.59%	310,727,171
35,975	Less than 1%	28.09%	692,646,177
35,982		100.00%	2,466,762,828