ANNUAL REPORT **2014**

Growth Through Transformation

NATIONAL COMMERCIAL BANK
JAMAICA LIMITED

Our Brand Pillars

Innovation

At NCB, we are constantly striving to improve the financial solutions we offer, in order to meet the changing needs of our customers. We also drive innovation in our operations by using technology as a key enabler of greater efficiency and better service delivery.

Expertise

NCB professionals possess expert knowledge in their respective areas of our business. Equally important, we foster superior customer relationship management skills that engender trust and loyalty with those we serve.

Strength

Sound and prudent management are hallmarks of sustainability for NCB. We carry out our business within a framework that observes proper ethical, regulatory and financial practices, while embracing our role as a responsible corporate citizen.

Our Core Values

We hold a deep and abiding respect for each customer, every colleague in our companies, and all our shareholders.

We commit to find new, practical and innovative ways to make the term "excellent service" more relevant to each customer – every day.

We commit to the relentless renewal of our enterprise through the constant training of our people at all levels.

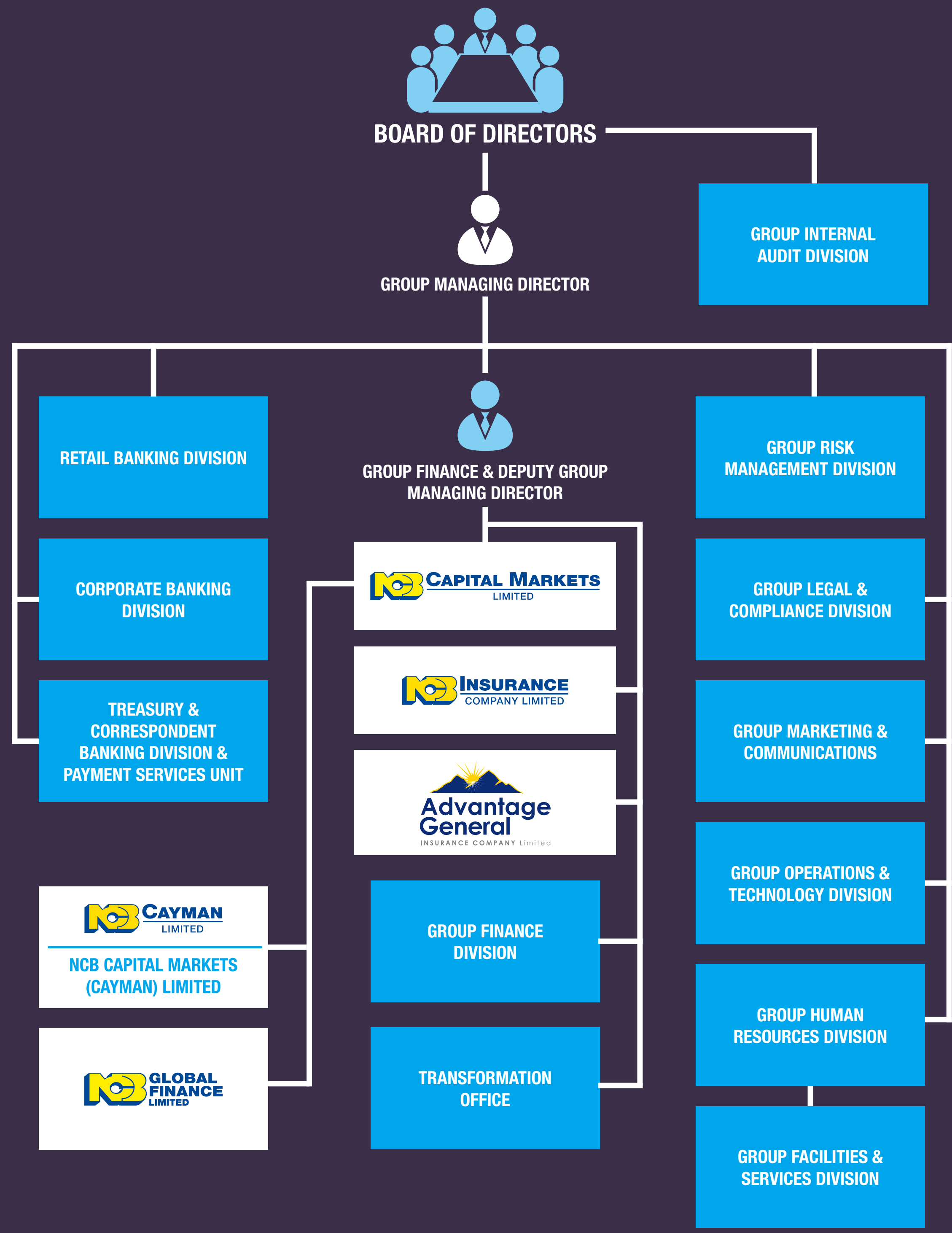
We commit to find new, practical and innovative ways to make the term "excellent service" more relevant to each customer – every day.

We treat all competitors as noble, but we will compete fairly and vigorously to win.

Our Vision

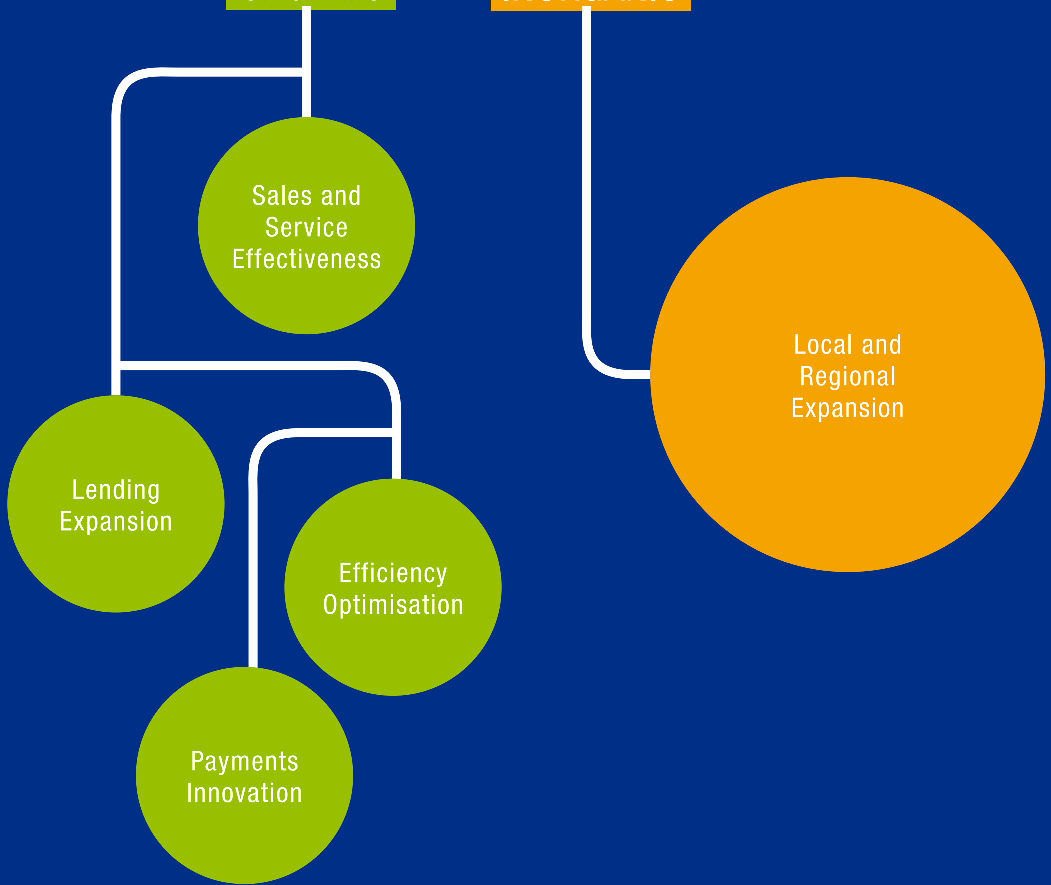
To be the premier Caribbean financial institution delivering superior products and services to satisfy the needs of our customers, while developing our employees and building the communities we serve.

Group Organisation Chart



Our Strategic Focus

We aim to advance our position as the premier financial institution in the English and Spanish speaking Caribbean through a mix of ORGANIC and INORGANIC initiatives.



Underpinning these strategic priorities will be continued focus on

- Delivering a superior customer experience
- Development of our employees
- Introduction of our digital agenda

For more information, visit www.jncb.com

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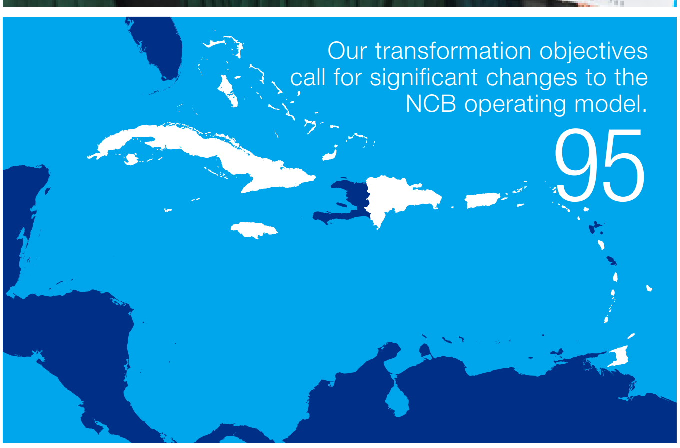
NCB Global Finance Limited brings NCB to Trinidad & Tobago

NCB Capital Markets awarded BEST INVESTMENT MANAGEMENT COMPANY FOR THE CARIBBEAN 2014

Our Subsidiaries 79



For more information, visit www.jncb.com

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of National Commercial Bank Jamaica Limited will be held at the **Mona Visitors' Lodge**, Mona, in the parish of Saint Andrew on **Thursday, February 26, 2015** at **3:00 p.m**. to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. Audited Accounts

"**THAT** the Audited Accounts for the year ended September 30, 2014 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. Declaration of Dividend

"**THAT** the interim dividends per stock unit of $0.16 paid in December 2013, $0.32 paid in February 2014, $0.35 paid in May 2014 and $0.35 paid in August 2014, and $0.96 paid in December 2014 be treated on the recommendation of the Directors as the final dividend for the financial year ended September 30, 2014."

3. Election of Directors

a) **Article 95** of the Company's Articles of Incorporation provides that one-third of the Board (except the Managing Director and Group Finance & Deputy Managing Director) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are **Mrs Sandra Glasgow, Mrs Sanya Goffe** and **Mrs Thalia Lyn, OD** and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

(i) "**THAT** Director, **MRS SANDRA GLASGOW**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

(ii) "**THAT** Director, **MRS SANYA GOFFE**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

(iii) "**THAT** Director, **MRS THALIA LYN**, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

4. Directors' Remuneration

a) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

b) "**THAT** the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2015, BE AND IS HEREBY fixed at $21,000,000, which remuneration may include such share incentive scheme for directors as may be determined by the Board.

5. Appointment of Auditors and their Remuneration

"**THAT** PricewaterhouseCoopers, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

6. Resolutions in respect of any other business which can be transacted at an Annual General Meeting.

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his/her stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica, not less than 48 hours before the time appointed for the Meeting. The Proxy Form should bear stamp duty of $100.00, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this **17th** day of **November 2014**

BY ORDER OF THE BOARD

DAVE L. GARCIA
COMPANY SECRETARY

Our Business in Brief

With roots dating as far back as 1837, National Commercial Bank Jamaica Limited (NCB) has a pioneering legacy that has been sustained as the organisation has evolved and transformed.

Today, NCB stands as the largest financial group in Jamaica, focused on maintaining a profitable organization, which provides highly competitive and innovative products and service offerings for our customers. Its aim is to maintain a solid governance structure and robust compliance framework, while utilizing flexible business models and efficient operational processes and systems.

In pursuit of the organisation's vision of being among the s top five financial institutions in the English and Spanish speaking Caribbean by 2016, NCB has been driving productivity of its core business while exploring inorganic growth opportunities, as a fundamental part of its growth strategy. During the 2013-2014 financial year, NCB Global Finance Limited (formerly AIC Finance Limited) in Trinidad & Tobago, was acquired, providing the organisation with a regional presence and an opportunity to further expand its business offerings.

The complete financial service offerings of the NCB Group of Companies are accessible through our diversified portfolio companies, namely:

National Commercial Bank Jamaica Limited provides an array of products & services to meet the banking needs of customers; deposit accounts, unsecured and secured loans, credit cards, overdraft lines, foreign exchange, personal and private banking services are part of the offerings.

NCB Capital Markets Limited is the wealth and asset management arm of the NCB Group, offering investment and brokerage solutions for individual and corporate clients and investment banking solutions to our corporate clients. Through NCB Capital Markets (Cayman) Limited, similar services are extended to the Cayman Islands.

NCB Insurance Company Limited offers solutions to meet the insurance, long-term investment, and pension needs of individuals and group clients.

NCB (Cayman) Limited is the offshore banking subsidiary of the NCB Group and provides banking and trust services.

Advantage General Insurance Company Limited is wholly owned by NCB Capital Markets Limited and is the island's largest general insurance company providing reliable, efficient general insurance services.

NCB Global Finance Limited provides merchant banking services including deposits,origination of loans and leases and provision of foreign exchange and trustee services.

N.C.B. Foundation is the philanthropic arm of the NCB Group. NCB is passionate about its corporate social responsibility and is committed to nation building, through its focus on education, community development and youth leadership and entrepreneurship.

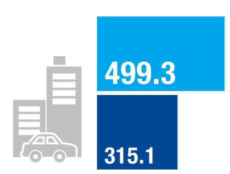
For more information, visit www.jncb.com

Business & Performance Highlights

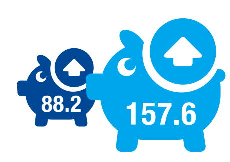
01 Audrey Tugwell Henry, Senior General Manager, Retail Banking Division and Ffrench Campbell, Senior Assistant General Manager, Group Facilities and Services Division, break ground for the new branch 124-126 Constant Spring Road. 02 Patrick Hylton, NCB Group Managing Director; Dr. Edwin Tulloch-Reid, Director of Heart Institute of the Caribbean Ltd and Michael Lee-Chin, NCB Chairman at the recent NCB Nation Builder Awards where Heart Institute of the Caribbean took home the top prize and was named the 2014 Nation Builder. 03 Brian Boothe, General Manager, Corporate Banking Division joins the Ronald Thwaites, Minister of Education; Professor Archibald McDonald (second right) Principal of the UWI Mona Campus and Howard Mollison (second left) to break ground for a new block of student housing on the campus of UWI Mona. NCB partnered with the Jamaica Mortgage Bank to finance its construction. 04 Antonio Spence, Individual Line Sales and Retention Manager, NCB Insurance Company Limited, shares a moment with students of the St. Andrew Preparatory School during their annual Spelling Bee Competition. 05 Derron Williams (right), from NCB's 1-7 Knutsford Boulevard branch explains to Paulette Daley-Henry, the convenience of using the Bank on the Go self-service area

FIVE YEARS OF PROGRESS

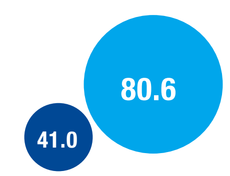
2014 2009



Assets
($ billions)

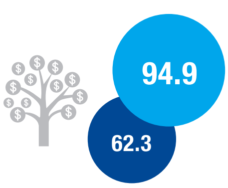


Net Loans
($ billions)

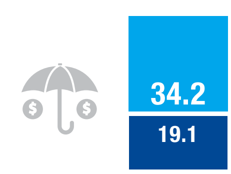


Equity
($ billions)

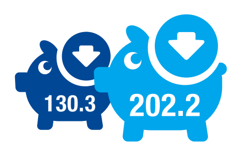
at a Pensioners Training Session. 06 Peter Xavier Williams, NCB Shareholder addresses the Board of Directors during the 2014 Annual General Meeting. 07 Over 250 staff members were recognized at our annual Long Service Awards. Dennis Cohen, Group Finance and Deputy Managing Director and Septimus 'Bob' Blake, Senior General Manager, Treasury and Correspondent Banking Division celebrate with awardee Youlan Laidlaw (centre) and Althea Clarke (right). 08 NCB Global Finance Limited was launched in September 2014 and formally unveiled its new name. In attendance were Senator The Honourable Larry Howai, Minister of Finance & Economy; His Worship the Mayor of Port of Spain, Alderman Raymond Tim Kee; Steven Gooden, CEO NCB Capital Markets Limited; Angus Young, CEO NCB Global Finance Limited and Gervase Warner, CEO, Massy Group. 09 Patrick Hylton, Group Managing Director(seated, right) and Professor Archibald McDonald, Pro Vice Chancellor and Principal of the UWI (seated, left) sign an agreement to fund research on Corporate Renewal and Transformation. They are joined by their colleagues (from left to right) Densil Williams and Evan Duggan UWI Professors and Septimus "Bob" Blake and Rickert Allen, NCB Senior General Managers.



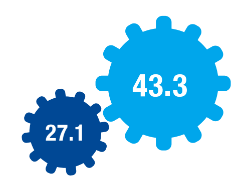
Funds Under Management (NCBCM)
($ billions)



Liabilities Under Annuity and Insurance Contracts (NCBIC & AGIC)
($ billions)



Customer Deposits
($ billions)

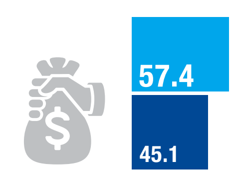


Operating Income
($ billions)

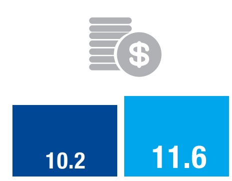
10 Marcia Reid Grant, Assistant General Manager Retail Banking; Brian Boothe, General Manager, Corporate Banking Division and Major Ffrench Campbell, Senior Assistant General Manager, Facilities and Services Division enjoy a light moment with PSOJ Head honchos Christopher Zacca and Dennis Chung. 11 Steven Gooden, CEO, NCB Capital Markets makes his rounds to welcome clients to the NCBCM Corporate Mingle which provided an opportunity for customers to interact with top level management of NCBCM. 12 NCB, again showed its support for the HEART Foundation's annual Wear Red Day. 13 Mark Thompson, President and CEO, Advantage General Insurance Company Limited (AGIC) cuts the 50th anniversary cake with longstanding employees (l-r) Lillian Dyer, Maxine Palmer and Charles Small. The Company began its 50th anniversary celebrations in May 2014 and will continue through to May 2015. 14 Patrick Hylton, NCB Group Managing Director greets Professor

FIVE YEARS
OF PROGRESS

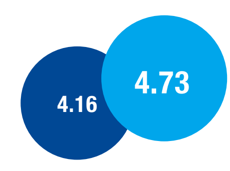
2014 2009



Gross Income
($ billions)

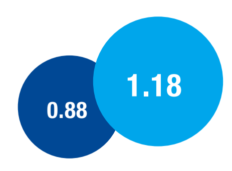


Net Profit
($ billions)

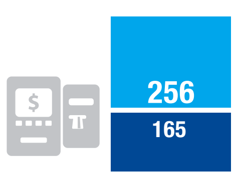


Earnings Per Stock Unit
($)

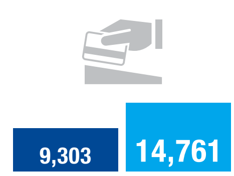
Hopeton Dunn, Director of the Mona ICT Policy Centre, Mona School of Business, during a break in the deliberations at the inaugural Cyber Security and Digital Forensics conference. 15 Najah Peterkin, NCB Capital Markets' Regional Manager – Private Client Services, presents the NCB's Capital Markets Sporting Clays Open Trophy to the 2014 winner, Shaun Barnes. 16 NCB's Richard Patterson is quick to maximize a teaching opportunity as he answers a query from Claudia Bailey at the recently held NCB Merchant Fraud Seminar. 17 NCB continues to transform the banking services landscape in Jamaica. At the formal launch, Patrick Hylton, Group Managing Director enthusiastically trumpets the introduction of the revolutionary 'Bank on the Go' self service areas. 18 Almost 300 staff members joined hands and hearts to support our children at the 16th staging of Sagicor's Sigma Corporate Run themed Save our Children, Save our Future.



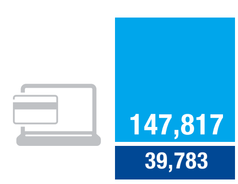
Dividends Paid
Per Stock Unit
($ billions)



Automated Banking
Machines &
Financial Kiosks



Point Of Sale Terminals



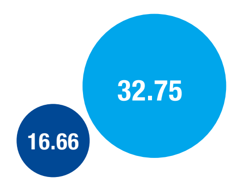
Online Banking Users

For more information, visit www.jncb.com

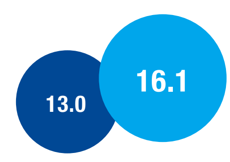
19 NCB re-launched its Jamaican Education Initiative (JEI) to fund educational programmes through the N.C.B. Foundation. Septimus 'Bob' Blake, Senior General Manager, Treasury and Correspondent Banking Division; Patrick Hylton, Group Managing Director; Thalia Lyn, Chairperson, N.C.B. Foundation and The Honourable Ronald Thwaites, Minister of Education show that they are all KeyCard confident. 20 Members of NCB Capital Markets' CAPFunds Call-a-thon team at The Atrium take a break from calling customers to share a photo. 21 Advantage General Insurance Company Limited and NCB Insurance Company Limited rallied in support of the fight against Leukemia and donned burnt orange T-shirts to represent that type of cancer. 22 Steven Gooden, CEO, NCB Capital Markets Limited (NCBCM) and Najah Peterkin, Regional Manager, Private Client Services, NCBCM congratulate the top shooters at the Junior Sporting Clays Championship. 23 Irene Hughes, Gerthlyn Holman and Suzan James are delighted by the afternoon's proceedings at the NCB Pensioners Luncheon at the Jamaica Pegasus Hotel. 24 Audrey Tugwell Henry, Senior General Manager, Retail Banking Division hands over a symbolic cheque valued at $13.5 million in support of the JBDC's Mobile Business Clinic Initiative. Taking part are Valerie Viera, JBDC; Anthony Hylton, Minister of Industry and Commerce and Sharon Folks Abrahams, Junior Minister in the Ministry of Industry and Commerce.

FIVE YEARS
OF PROGRESS

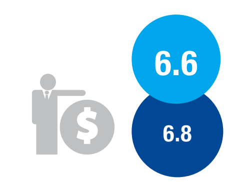
2014 2009



Book Value per Share
($)



Equity To Total Assets Ratio
(%)



Dividend Yield
(%)


22

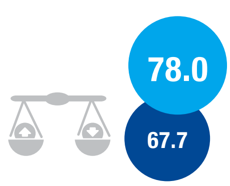

23


24

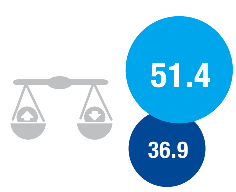
25 The Tuff Warrior Challenge raised awareness for AUTISM with part proceeds going towards the development of a transition program and vocational facility for autistic young adults. NCB's Richard Foreman shows his grit in completing the challenge. 26 Patrick Hylton, Group Managing Director; Audrey Tugwell Henry, Senior General Manager, Retail Banking Division and Marva Peynado, Duke Street Branch Manager welcome skin care innovator Mrs. Jennifer Samuda, owner and operator of Jencare Skin Farms to the Atrium HQ. As one of the Bank's long time customers, Mrs. Samuda chose NCB as the first stop for her brand new Jencare Express - a mobile spa set up inside a recreational vehicle (RV). 27 A Big Baby Shower (ABBS) caters to the child lifestyle industry with a particular focus on pregnancy and baby needs. Representatives from NCB Insurance share in a moment with some expectant mothers at the event. 28 NCB signed a Memorandum of Understanding (MOU) with the Ministry of Science, Technology, Energy & Mining (MSTEM) for a $5 million capital injection into Start-Up Jamaica (SUJ), the government's youth entrepreneurship programme. Patrick Hylton, Group Managing Director and The Honourable Julian Robinson, Minister of Science, Technology, Energy and Mining share in a symbolic handover at the announcement of this partnership. Sharing in the moment is Nadeen Matthews, Senior Assistant General Manager - Strategy, Marketing & Communications.


27


28



Net Loans To Customer Deposits
(%)



Loan Income To Interest Income
(%)

10 Year Financial Statistical Review

Consolidated Income Statement Summary (J$'000)

	2014	Restated* 2013	Restated* 2012	2011
Net profit	**11,642,073**	8,578,858	10,045,862	13,885,301
Gross operating income	**57,422,834**	48,941,802	44,425,230	44,791,704
Net interest income	**24,660,667**	23,558,986	21,784,090	21,150,860
Other operating income	**18,592,982**	14,406,597	12,762,859	13,521,336
Operating income	**43,253,649**	37,965,583	34,546,949	34,672,196
Operating expenses	**30,021,989**	27,775,657	22,366,253	19,184,458
Staff costs	**11,523,930**	11,226,597	9,755,916	9,240,116
Provision for credit losses	**2,226,949**	2,066,260	2,462,811	768,881
Depreciation and amortisation	**1,247,403**	1,209,971	812,512	580,132

Consolidated Statement of Financial Position Summary (J$'000)

	2014	2013	2012	2011
Total assets	**499,345,092**	446,575,055	379,435,519	359,618,113
Loans and advances, net of provision for credit losses	**157,630,000**	141,150,312	111,904,854	91,728,138
Investment securities	**264,170,757**	234,437,453	210,653,557	204,748,127
Customer deposits	**202,162,392**	178,411,021	162,930,350	155,800,401
Liabilities under annuity and insurance contracts	**34,230,910**	33,914,506	25,194,324	23,564,275
Repurchase agreements	**134,690,626**	117,377,395	101,890,449	84,075,103
Obligations under securitisation arrangements	**13,885,577**	10,101,032	2,593,201	14,378,119
Equity	**80,613,752**	71,969,136	65,895,952	61,977,264

Profitability Ratios (%)

	2014	2013	2012	2011
Return on average equity (1)	**15.26%**	12.45%	15.71%	25.07%
Return on average total assets (2)	**2.46%**	2.08%	2.72%	4.00%
Non-interest income to operating income	**42.99%**	37.95%	36.94%	39.00%
Effective tax rate (3)	**21.26%**	22.37%	23.41%	21.06%
Cost to income ratio (4)	**63.80%**	67.49%	56.26%	52.36%

Per Stock Unit Information (J$)

	2014	2013	2012	2011
Earnings per stock unit (5)	**$4.73**	$3.49	$4.08	$5.64
Dividends paid per stock unit	**$1.18**	$1.11	$1.10	$1.36
Book value per stock unit	**$32.75**	$29.24	$26.77	$25.18

* Restated to conform to the 2014 financial statements presentation format.

1. Return on average equity is calculated as net profit divided by average equity (equity at the end of the financial year plus equity at the end of the prior financial year, divided by two).
2. Return on average total assets is calculated as net profit divided by average total assets (total assets at the end of the financial year plus total assets at the end of the prior financial year, divided by two).
3. Effective tax rate is calculated as taxation expenses divided by profit before taxation.
4. Cost to income ratio is calculated as staff costs, depreciation, policyholders & annuitants benefits & reserves and other operating expenses divided by total operating income.

2010	2009	2008	2007	2006	2005
11,074,798	10,248,185	8,701,173	6,601,426	5,486,625	4,468,542
43,023,151	44,868,803	39,255,256	33,752,955	30,004,702	27,460,769
20,649,643	18,879,974	15,826,304	12,796,777	11,778,136	10,713,444
8,773,712	8,392,348	9,084,754	7,754,802	6,198,817	5,815,035
29,423,355	27,272,322	24,806,110	20,551,579	17,976,953	16,528,479
16,135,955	14,100,596	14,162,202	12,128,301	11,164,384	10,522,418
9,252,662	7,989,772	7,281,304	6,987,550	5,955,835	5,664,701
947,962	1,027,634	468,287	277,603	155,786	(28,071)
528,333	593,538	725,936	889,246	1,028,085	1,071,135

334,970,011	315,096,477	291,153,397	254,183,354	223,138,804	190,341,294
85,995,102	88,178,270	82,169,396	56,525,564	42,219,840	36,064,342
200,132,984	167,718,957	154,571,682	142,955,539	123,765,437	94,960,438
144,283,158	130,331,351	126,099,896	118,518,051	99,026,503	85,067,749
20,405,624	19,114,764	16,533,984	14,487,602	12,010,182	9,117,241
85,292,763	77,374,431	69,619,957	51,305,167	50,344,707	49,407,220
20,456,162	27,157,180	26,259,740	26,409,833	21,398,964	10,798,517
48,807,933	41,015,946	31,312,662	28,554,026	24,589,987	21,213,463

24.66%	28.34%	29.07%	24.84%	23.96%	23.30%
3.41%	3.38%	3.19%	2.77%	2.65%	2.45%
29.82%	30.77%	36.62%	37.73%	34.48%	35.18%
17.89%	21.97%	19.49%	23.18%	20.83%	23.45%
51.53%	47.93%	50.25%	57.27%	59.88%	62.40%

$4.50	$4.16	$3.54	$2.68	$2.23	$1.82
$1.90	$0.88	$1.14	$0.73	$0.71	$0.48
$19.83	$16.66	$12.72	$11.60	$9.99	$8.62

5. Earnings per stock unit is calculated as net profit divided by weighted average units outstanding for the relevant financial year.

6. Risk-based capital adequacy ratio (Bank only) is calculated as qualifying capital divided by total risk weighted assets. Qualifying capital is the sum of Tier 1 and Tier 2 capital less prescribed deductions for investment in associated companies and subsidiaries, intangible assets and any accumulated losses in subsidiaries. Under Bank of Jamaica (BOJ) regulations, the overall minimum capital to be maintained in relation to risk weighted assets is 10% for banks. However, BOJ requires us to maintain a risk-weighted capital adequacy ratio of 12.5% due to, among other factors, our status as a systemically important financial institution (SIFI) in Jamaica.

10 Year Financial Statistical Review cont'd

Capital Ratios (%)	2014	Restated* 2013	Restated* 2012	2011
Risk-based capital adequacy ratio (NCB Jamaica) [6]	**12.94%**	12.58%	12.96%	15.18%
Capital to risk weighted assets (NCB Capital Markets) [7]	**28.60%**	20.90%	26.20%	35.71%
Solvency ratio (NCB Insurance) [8]	**42.90%**	36.30%	34.64%	34.73%
Minimum capital test (Advantage General Insurance) [9]	**330.48%**	251.71%	n/a	n/a
Equity to total assets	**16.14%**	16.12%	17.37%	17.23%

Asset Quality Ratios (%)

	2014	2013	2012	2011
Non-performing loans as a percentage of gross loans and advances [10]	**5.37%**	4.84%	7.14%	7.16%
Non-performing loans as a percentage of total assets	**1.74%**	1.56%	2.18%	1.87%
Non-performing loans as a percentage of equity	**10.78%**	9.67%	12.55%	10.87%
Total provision for credit losses as a percentage of non-performing loans	**118.32%**	120.13%	113.94%	115.91%
Total provision for credit losses as a percentage of gross loans and advances	**6.35%**	5.82%	8.14%	8.29%

Consolidated Statement of Financial Position Ratios (%)

	2014	2013	2012	2011
Loans and advances, net of provision for credit losses, as a percentage of total assets	**31.57%**	31.61%	29.49%	25.51%
Investment securities as a percentage of total assets	**52.90%**	52.50%	55.52%	56.93%
Fixed assets as a percentage of total assets	**1.96%**	1.85%	1.68%	1.45%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	**77.97%**	79.12%	68.68%	58.88%
Liquid assets as a percentage of customer deposits [11]	**37.86%**	37.45%	32.32%	40.91%

Other Statistics

	2014	2013	2012	2011
Stock price at September 30 (JSE)	**$ 17.94**	$ 19.00	$ 21.90	$27.29
Stock price at September 30 (TTSE)	**TT$1.00**	TT$1.13	TT$1.60	TT$2.09
Price earnings ratio	**3.79**	5.46	5.37	4.84
Dividends paid (J$'000)	**2,910,780**	2,738,107	2,713,439	3,354,797
Dividend yield	**6.58%**	5.84%	5.02%	4.98%
Dividend payout ratio	**24.95%**	31.90%	26.96%	24.11%
JSE Index at September 30	**72,238.36**	84,500.20	87,188.38	91,731.84
Inflation Rate (Twelve months ended September 30)	**9.03%**	10.45%	6.65%	8.05%

* Restated to conform to the 2013 financial statements presentation format.

7. Capital to risk weighted assets (NCB Capital Markets only) is calculated as qualifying capital divided by total risk assessed assets. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to risk assessed assets is 10%.

8. Solvency ratio (NCB Insurance only) is calculated as equity relative to the risks (total liabilities) it faces. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to total liabilities is 10%.

9. Minimum Capital Test (MCT) (Advantage General Insurance Company (AGIC) only) is a risk-based formula that compares available capital and surplus to a minimum requirement set by the Financial Services Commission (FSC) in regard to the asset and liability profile of the company. The FSC currently requires a minimum ratio of 250%. AGIC was acquired in February 2013.

2010	2009	2008	2007	2006	2005
16.30%	14.61%	14.58%	14.33%	17.28%	19.08%
97.82%	60.75%	77.88%	99.86%		
27.10%	23.20%	16.20%	14.00%	13.40%	10.20%
n/a	n/a	n/a	n/a	n/a	n/a
14.57%	13.02%	10.75%	11.23%	11.02%	11.14%
3.45%	2.61%	2.34%	2.56%	3.66%	4.27%
0.90%	0.74%	0.67%	0.58%	0.72%	0.85%
6.21%	5.71%	6.25%	5.17%	6.51%	7.58%
136.29%	147.26%	152.88%	150.99%	144.72%	135.42%
4.70%	3.84%	3.57%	3.86%	5.29%	5.78%
25.67%	27.98%	28.22%	22.24%	18.92%	18.95%
59.75%	53.23%	53.09%	56.24%	55.47%	49.89%
1.34%	1.35%	1.41%	1.60%	1.89%	2.30%
59.60%	67.66%	65.16%	47.69%	42.63%	42.39%
42.40%	33.22%	37.56%	32.72%	42.35%	37.94%
$ 17.51	$ 13.00	$ 20.00	$ 22.40	$ 18.21	$ 18.00
TT$1.50	TT$0.95	TT$1.85	TT$1.95	TT$1.65	TT$1.90
3.89	3.12	5.66	8.35	8.17	9.91
4,686,850	2,170,750	2,812,110	1,800,737	1,751,402	1,184,046
10.85%	6.77%	5.70%	3.26%	3.91%	2.67%
42.23%	21.14%	32.24%	27.21%	31.84%	26.50%
83,613.08	79,928.03	102,018.87	96,299.84	86,195.99	103,332.63
11.28%	7.18%	25.34%	9.01%	6.50%	18.73%

10. Non-performing loans are loans as to which there have been no payments of principal or interest for 90 days or more.

11. Liquid assets consist of cash in hand and balances at Bank of Jamaica, investment securities with maturities of less than nine months, any assets specially designated as liquid by the Bank of Jamaica and balances due from other banks.

Chairman's Message

My Fellow Shareholders,

The adage "Success is not a sprint, it's a marathon" is a truism for many businesses and individuals as we set our sights on producing sustainable results and triumph in our endeavours.

This has been the experience of our team at National Commercial Bank Jamaica Limited (NCB), as we relentlessly pursue our goals for building a financial fortress – one that not only satisfies its stakeholders but which can withstand environmental shifts and deliver credible performance.

In the year just ended, we took the measures needed to secure our unchanged strategic ambition of sustainable profitable growth. We continued to respond to the needs of our customers and stakeholders and to enhance our financial and business prowess in order to invest in future growth.

Our team at NCB continues to demonstrate immense flexibility in re-engineering its business models to navigate the adversities – by seeking and utilising the opportunities that exist. It has been a challenging year for Jamaica, many of our industries, our people and consequently our organisation. In the end, however we are most grateful for and pleased with our performance. Thanks to ALL for your contributions made to the organisation and its accomplishments.

Banks around the world are demonstrating upturns in performance even as they contend with external factors that affect their ability to grow. These factors include strong competition, new entrants/players and the effects of various

"We are confident of the future prospects for our business and of our resolve to manage both the opportunities and the challenges ahead."

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Chairman's Message

Cont'd

government policies. The trend has seen banks worldwide being in the midst of transformation. More of them are downsizing, consolidating and integrating technology into their operations. Some are also re-imagining how banking services fit into the 21st century technology revolution.

We as individuals and as a company must consistently ask ourselves whether we are content with our achievements and if we are functioning in the best way possible to achieve our long-term goals. If not, then we have to change the way we operate. We must look forward to what could be, compare it with the lessons from the past, and develop improvements based on the combined experiences of all involved in order to stay at the top of our game.

There are major trends that are likely to shape banking in the future. A key trend is that our customers are taking more control of their financial relationships, and this trend is unlikely to change. By 2030 banks will deepen their personal connections with customers via data analysis techniques that might seem fantastic by today's standards. The reliance on data in the design of service options will make the difference in the survivability of NCB and we are not only aware of this but have embraced it.

The 2014 financial year saw a strong dividend yield of [7.64%] and dividends declared were up [117%] over the 2013 financial year. For the financial years 2010 through 2014, we had an average dividend yield of [6.66%]. This is a commendable performance in these times.

I remain optimistic that achieving our stated goals is within our reach and doing so will require continued systematic and relentless collaboration from all of us as members of the NCB family. I thank our valiant and committed NCB team for their active support and resilience in implementing the many structural changes which have been part of our strategy and which will advance our mission toward increased profitability and competitiveness on a regional scale.

We are known for our Innovation, Expertise and Strength, and these are brand pillars that have historically assisted us in achieving several industry firsts as we continue to lead the pace of banking innovation in Jamaica. In 2014 we deepened our efforts at transforming the Group as we prepared ourselves to seize market opportunities wherever and whenever they occurred. The seeds for future growth were sowed with investments and innovation initiatives in all business platforms. We are proud that during 2014 we became the first financial institution in Jamaica to achieve $500 billion (half a trillion) in assets and $200 billion in customer deposits. These are milestone achievements that can be leveraged to our advantage.

As we enter 2015 with even greater determination to succeed, and a strong commitment to provide exceptional customer service, while leveraging technological advancements and increasingly customer centric operations, we are confident of the future prospects for our business and of our resolve to manage both the opportunities and the challenges ahead.

NCB enjoys the advantages of a diverse business model which redounds to value-added benefits for all our stakeholders. Our commitment is to our stakeholders' wellbeing and we will continue to build the communities in which we serve as we promote stakeholders' financial wellness, ensuring that they can always put their best lives forward.

Hon. Michael Lee-Chin, OJ
Chairman

I came from **humble beginnings...**

And realized my biggest dreams through NCB.

An NCB Foundation Scholarship allowed me to pursue my dream of becoming a paediatrician. Now, every day I get a chance to help a child. I am putting my Best LIFE Forward.

Board of Directors

Our Board of Directors in executing its role applies sound corporate governance which is vital to the activities of National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries (the Group).

Hon. Michael **LEE-CHIN**
OJ, Hon. LL.D., B.Sc.

Chairman

Main Positions: Chairman and President of Portland Holdings Inc,; Founding Partner of Portland Private Equity, L.P.; Chairman of the AIC Caribbean Fund.

Special Achievements: Bachelor's Degree in Civil Engineering, McMaster University in Canada. Recipient of honorary Doctor of Laws degrees: University of the West Indies; Northern Caribbean University; McMaster University; University of Toronto ; Wilfrid Laurier University and York University. Chancellor of Wilfrid Laurier University. Recipient of the Order of Jamaica (OJ), for outstanding service in business and philanthropy and recipient of several prestigious awards in the areas of business and community service including the 2004 International Humanitarian Award from the American Friends of Jamaica. Awarded the Queen Elizabeth II Diamond Jubilee Medal in 2013 for significant contributions and achievements.

Length Of Directorship: 12 years

Patrick **HYLTON**
CD, A.C.I.B., BBA
Group Managing Director

Main Positions: Chairman of NCB Capital Markets Limited, NCB Global Finance Limited and Harmonisation Limited and sits on several boards including Massy Holdings Limited, a Trinidad Based conglomerate and the Caribbean Information and Credit Rating Services (CariCRIS), and a member of the Economic Oversight Committee appointed to monitor the implementation of Jamaica's programme with the International Monetary Fund (IMF).

Special Achievements: Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers (ACIB) London. Past President of the Jamaica Bankers Association. Order of Distinction, Commander Class. Since taking the helm, Mr Hylton has effectively led the company to the achievement of local and international recognition including Best Commercial Bank, Best Banking Group and Best Investment Management Company. Under his leadership, the Bank has diversified its portfolio and expanded into regional markets to become one of the premier Banking Groups in the region.

Length Of Directorship: 11 years

Dennis **COHEN**
FCA, FCCA, B.Sc.
Group Finance and Deputy Managing Director

Main Positions: Chairman of Advantage General Insurance Company Limited (AGIC) and Mutual Security Insurance Brokers Limited; Director of NCB Capital Markets Limited, NCB Insurance Company Limited, NCB (Cayman) Limited, NCB Global Finance Limited and West Indies Trust Company Limited. Member of the Institute of Chartered Accountants of Jamaica (ICAJ).

Special Achievements: Mr. Cohen joined NCB in 2004 as Group Financial Officer after a decade of experience gained at Citibank N.A Jamaica, including serving as Country Treasurer for the local branch and its affiliates. He also served as head of Citibank's Relationship Management Group. Prior to commencing his career in banking, Mr. Cohen was employed to PriceWaterhouseCoopers as a Senior Accountant.

Length Of Directorship: 8 years

Robert **ALMEIDA**
B.Comm., CPA, CA

Main Positions: Founding Partner of Portland Private Equity; Managing Partner of the AIC Caribbean Fund and Portland Caribbean Fund II, a private equity fund with capital commitments from institutional investors in Europe, the U.S.A., Canada and the Caribbean. Director, SVP & Portfolio Manager, Portland Investment Counsel Inc. in Canada. Served as an Executive at Canadian Imperial Bank of Commerce, one of Canada's largest banks and at Loblaw Companies Limited, Canada's largest retailer, where he was responsible for strategy and development which was integral in Loblaw's successful entry into financial services.

Special Achievements: Chartered Accountant with over 25 years of experience as an investor and a business professional, having worked in Canada, the USA and the Caribbean. Led the startup of a successful electronic banking venture in Canada. Co-founded what is currently the leading private equity fund in the Caribbean. Serves on the Board of the Canadian Council for the Americas.

Length Of Directorship: 6 years

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Wayne **CHEN**
LL.B (Hons)

Main Positions: Chairman, NCB Insurance Company Limited and West Indies Trust Company Limited; Director of NCB (Cayman) Limited, AIC (Barbados) Limited; Chief Executive Officer, Super Plus Food Stores; Chairman, CVM Television Limited; President, Caribbean Employers' Confederation.

Special Achievements: Recipient of several national awards including the Jamaican Institute of Management Young Entrepreneur for 1997 and the Jamaica Observer Business Leader of the Year 1998.

Length Of Directorship: 12 years

Sandra **GLASGOW**
B.Sc., M.B.A.

Main Positions: Founder/Managing Director, BizTactics Limited; Member of the Board of Directors of Resorts Beach Limited, eMedia Interactive Limited, Medical Disposables and Supplies Limited, Dress For Success Jamaica, YUTE Limited and the National Crime Prevention Fund (Crime Stop). Trustee of the NCB Pension Funds (1986 and 1999) and the SMART Retirement Fund. Mentor to Caribbean Producers Jamaica Limited and Medical Disposables and Supplies Limited and Founding Member of FirstAngelsJA.

Special Achievements: Bachelor of Science Degree in Applied Zoology and Applied Botany and a Master of Business Administration from the University of the West Indies, Mona. Certified as a Director by the Commonwealth Association for Corporate Governance (CACG); a Trainer of Trainers in Corporate Governance Board Leadership by the International Finance Corporation (IFC) and a Trainer of Trainers in Business Ethics by the Inter-American Investment Corporation and the US Department of Commerce. Jamaica's Eisenhower Fellow in 2000.

Length Of Directorship: 12 years

Sanya M. **GOFFE**
LL.B (Hons)

Main Positions: Attorney-at-Law and Partner of the law firm Hart Muirhead Fatta. Called to the Jamaican Bar in 2003. Associate Tutor at the Norman Manley Law School; Member of the Jamaican Bar Association Council, Chairperson of the Publications Committee of the Jamaican Bar Association and Member of the Intellectual Property Committee of the Jamaican Bar Association. Director of the Pension Funds Association of Jamaica and the Jamaica Railway Corporation. Frequent speaker on subjects including pension law issues and the protection and enforcement of intellectual property rights, anti-counterfeiting and brand protection.

Special Achievements: Attorney-at-Law with over ten years of experience in the areas of Corporate, Commercial, Pensions and Intellectual Property Law. Frequent invitational speaker on subjects including pension law issues, the protection and enforcement of intellectual property rights, anti-counterfeiting and brand protection. Co-funder of the Adult Learning Centres of Jamaica, a non-profit organisation committed to improving the literacy and numeracy of adults in Jamaica.

Length Of Directorship: 3 years

Hon. Noel **HYLTON**
O.J., CD, Hon. LL.D., CD, J.P

Main Positions: Senior Business Consultant for the China Harbour Engineering Company; Retired Chairman, President & Chief Executive Officer, the Port Authority of Jamaica. Served on several boards including the Jamaica Urban Transit Company Limited, Jamaica Promotions Corporation, the Maritime Authority of Jamaica, Air Jamaica Limited and the Police Service Commission.

Special Achievements: Recipient of various awards, including conferment of the Honorary Degree of Doctor of Laws (Hon. LLD) by the University of the West Indies and the designation of "Caribbean Luminary" by the American Foundation for the University of the West Indies, for outstanding contribution to the Caribbean. Recipient of the national awards of Commander of the Order of Distinction (C.D.) and the Order of Jamaica (O.J.) for service to the growth and development of the shipping industry. Previously served for 10 years in various administrative posts with the Eastern Regional Government of Nigeria.

Length Of Directorship: 12 years

Thalia **LYN**
O.D., J.P., B.A.

Main Positions: Founder and CEO of the Island Grill restaurant chain. Chairman of the NCB Foundation; Director of Mustard Seed Communities; Director of Respect Jamaica and Co-Patron of the CB Group/UWI 5K.

Previously teacher, licensed stockbroker and Marketing Manager for one of the largest Mutual Fund companies in Canada.

Special Achievements: Bachelor's Degree from Manhattanville College, USA. Director of Jamaica Macaroni Factory Limited and Port Royal Patties (UK). In 2004, Mrs. Lyn was appointed Jamaica's Honorary Consul General to the Kingdom of Thailand and was bestowed the honour of Commander Third Class of the Most Noble Order of the Crown of Thailand. She was also conferred with the Order of Distinction (Officer Class) by the Govt. of Jamaica. Recipient of many awards including Business Leader of the Year (twice) from the Florida International University MBA graduating Classes, "Best Fast Food" awards and accolades for Island Grill chain of restaurants.

Length Of Directorship: 12 years

Professor Alvin G. **WINT**
B.Sc, M.B.A., D.B.A

Main Positions: Professor of International Business and Special Advisor to the Vice Chancellor of the University of the West Indies. Serves on the board of directors of Jamaica Producers Group, the Caribbean Policy Research Institute and the Planning Institute of Jamaica. Chairman of the Statistical Institute of Jamaica and the CARICOM's Regional Investment Promotion Steering Committee. Selected Commissioner of the Electoral Commission of Jamaica and Member of the National Partnership Council.

Special Achievements: Recipient of the Vice Chancellor's Award for Excellence at University of the West Indies. Former director of the Bank of Jamaica, Jamaica Promotions Corporation and the Jamaica Exporters Association.

Length Of Directorship: 12 years

Corporate Governance Statement 2014

Good governance is at the heart of the activities of the Board of Directors of the National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries (the Group).

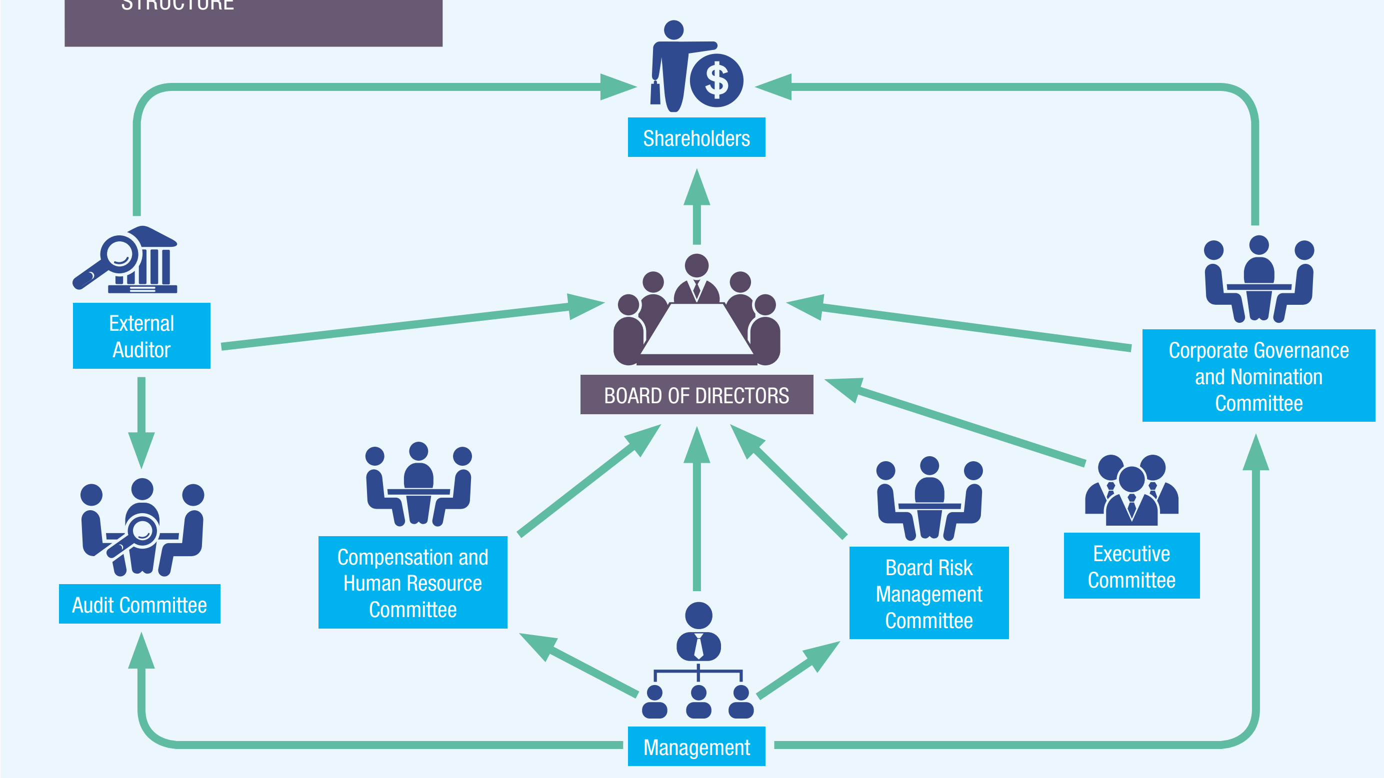
Corporate Governance

The Board considers that its corporate governance principles and practices are generally consistent and compliant with all applicable legislation, regulations and standards, including the Bank of Jamaica's Standard of Best Practice for Effective Corporate Governance of Deposit-Taking Entities, published in July 2008, and the PSOJ Code of Corporate Governance 2nd Edition, published in 2009. These principles are under constant review to reflect evolving best practices and regulatory requirements and are in the best interest of the Group.

Corporate Governance Structure

The Board of Directors is responsible for the overall stewardship of NCBJ. Directors are elected by the shareholders to supervise the management of the business and affairs of the organisation, with the goal of enhancing long-term shareholder value. Shareholders appoint the external auditor, on the recommendation of the Board at each Annual General Meeting. The composition of the Board reflects the need for diversity and for Directors to possess the independence, skills, proficiency and objectivity in decision making that facilitate a high performing organisation. High levels of professional skills, ethics and appropriate personal qualities are pre-requisites for directorships. The Board accomplishes its function acting directly and through its committees which are appointed by the Board.

CORPORATE GOVERNANCE STRUCTURE



The Board reserves a formal schedule of matters for its decision to ensure that the direction, management and control of the Group rests with the Board. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels and review of the financial statements, financing and borrowing activities, including an annual operating plan and budget, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls. All policies pertaining to the Group's operation and functioning are approved by the Board. Directors discharge their duties at Board and committee meetings and also through telephone contact and other communication with the Chairman, Group Managing Director, Management and others regarding matters of concern and interest to the Group.

Throughout the year, the Board discharged the following responsibilities:

Governance

- Approved a revised Board Charter, ensuring that it conforms to best practices and regulatory and statutory requirements
- Approved changes involving management and their responsibilities
- Provided oversight over Management's activities

Strategic

- Communicated with Management concerning the articulation of the vision and strategy for the Group
- Reviewed the Bank's annual business plan and the inherent level of risk in the plan
- Assessed the adequacy of capital to support the business risks of the Group

Performance Measurement Systems

- Approved performance objectives and performance measurement systems
- Reviewed the performance of the Board, Board Committees and the Executive Directors

Business Decisions

- Approved and monitored the progress of acquisitions and annual budgets and declared dividends
- Approved entering into, or withdrawing from, businesses or service lines

Human Resources

- Discussed and reviewed Management's succession planning for executive positions.

Financial Performance

- Approved the annual budget and targets, annual financial statements and interim results and monitored financial performance
- Ensured financial results were reported fairly and in accordance with International Financial Reporting Standards (IFRS) and other relevant standards and that related reports issued by the Group, presented a 'true and fair' view of the Group's position and performance
- Recommended to shareholders the Annual Report / financial statements released by Management

Compliance

- Ensured that the Group operates within applicable laws and regulations, including an effective Code of Conduct and Anti Money Laundering and Counter Financing of Terrorism policies
- Ensured that the Group's policies comply with all regulatory requirements covering all operations

Communications

- Considered the communications strategy and procedures including investor relations and the shareholder communications process

Risks

- Approved risk policies
- Ensured that principal risks were being identified and that Management was implementing appropriate systems to manage these risks
- Ensured that the systems and controls framework, including the Board structure and organisational structure of the Group was appropriate for the Group's business and associated risks

Internal Controls

- Assessed the adequacy of the systems of risk management, internal control, control environment and regulatory compliance

Director Independence

Of the ten directors on the Board, half of them meet the standard for independence as described in the Board's Charter. A director meets the formal criteria for independence where he or she:

- does not represent a substantial shareholding
- is not a close relative of a significant shareholder, and
- does not have an employment relationship with the Group or its parent companies

Each member of the Audit and Corporate Governance and Nomination Committees must be independent. The directors deemed to be independent at the end of the financial year are:

Sandra A. C. Glasgow
Sanya M. Goffe
Hon. Noel Hylton, OJ
Thalia Lyn, OD
Professor Alvin G. Wint

Code of Conduct for Directors

The Boards of Directors of NCBJ and its subsidiaries are committed to the highest standards of integrity and business conduct. The Board believes

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that operating with the highest level of honesty and integrity is critical to protect the interests of NCBJ, its subsidiary companies, employees, shareholders and the general public. Accordingly, it has adopted and regularly reviews and updates a Code of Conduct confirming its commitment to demonstrably lead and promote good corporate governance and the highest standards of ethical and business conduct. The Code is published on the Bank's Intranet and its website: http://www.jncb.com.

The Code is applicable to all directors of companies within the NCB Group. In order to foster the confidence of its shareholders, employees, investors and the general public, it goes beyond the legal and regulatory framework in Jamaica and reflects internationally recognised principles and practices. Although the Code provides standards of conduct for many situations, it does not cover all the possible situations that may arise. Accordingly, all directors are expected to conduct themselves in accordance with their legal responsibilities and in a manner consistent with the spirit and letter of the Code and avoid even the perception of improper behaviour.

Board Evaluation

The Board performs an evaluation of its performance on an annual basis. The evaluation process seeks to assess and strengthen Directors' constructive involvement in discussions and decision making. While the evaluation is a responsibility of the entire Board, it is organised and assisted by the Corporate Governance and Nomination Committee and external resources have been utilised in the conduct of the evaluation over the past three years.

This year, McKinsey and Company was engaged to undertake the Board evaluation. McKinsey used an online survey that examined three parts of Board effectiveness: Board configuration, Board activities and Board enablers. After directors completed the survey, a detailed report was presented by McKinsey to the whole Board. Based on the results of the survey, the Corporate Governance and Nomination Committee will present recommendations to the Board and monitor its implementation of those recommendations throughout the year.

Remuneration

The Board, through its Compensation and Human Resource Committee, has approved a compensation framework for Executives that supports a performance culture in the Group based on merit and differentiates and rewards excellent performance, taking into consideration the core values of the Group. The framework is designed to enable the Group to retain and attract the best employees, and motivate them to achieve results with integrity and fairness. Remuneration for Executive Directors balances fixed and variable compensation in a way that appropriately reflects the value and responsibility of the role performed day to day. It is also aimed at influencing appropriate behaviours and actions; ensuring consistent and effective risk management practices in keeping with the Group's compliance and control culture; fostering teamwork and collaboration across the Group and taking into account the ongoing performance of the Group in order to create sustainable value for the Group's shareholders.

During the year, a special committee of the Board reviewed the fees payable to non-executive directors. The Committee was chaired by the Board's Chairman and comprised a Non-Executive Director (to whom fees are not paid by NCBJ), the Group Managing Director and the Group Finance and Deputy Managing Director. The fee structure had not been adjusted since 2008 and the Committee approved changes to fees for Non-Executive Directors of the Company and its subsidiaries, as follows:

1. A 100% increase in the board retainer. The Chairman's retainer was increased from J$1 million to $2 million per annum; and the Board Member retainer from $421,877 to $843,754;
2. In addition to the increased board retainer, directors who chair the Audit, Corporate Governance and Nomination and the Board Risk Management Committees receive an additional retainer, representing 75% of the Board retainer. The Committee Chair retainer increased from $562,500 to $1,476,570;
3. A 25% increase in the fees payable to directors, per Board meeting, from $50,000 to $62,500 and for each Committee meeting attended, from $40,000 to $50,000;
4. The retainers payable by NCB Capital Markets Limited, NCB Insurance Company Limited and Advantage General Insurance Company Limited are 75% of that for the NCBJ Board and the retainer for other subsidiaries will be 75% of that for the above listed subsidiaries;
5. Directors of subsidiaries received a 25% increase in fees payable for attendance at each meeting.

The changes took effect on July 1, 2014.

The approved increases for subsidiaries were subject to additional approval procedures in those companies (The Chairman and Mr Robert Almeida are not paid by NCBJ the amounts approved for payment to non-executive directors).

The increased fees fell within the global sum approved at the last Annual General Meeting in accordance with Article 80 of the Company's Articles of Incorporation.

Continuing Education

Directors receive continuous education which takes many different forms, including the distribution of publications, workshops and presentations at Board meetings. The Group offers regular training programmes for the continuous development and awareness of its

Directors. During the year, Directors and senior management participated in a workshop on "The Proceeds of Crime (Amendment) Act, 2013 and The Financial Sector" and a presentation on the newly enacted Banking Services Act.

Attendance at Board and Committee Meetings

The Board held ten meetings during the financial year. Attendance by the directors at meetings of the Board and its committees averaged 93% during the year. Each director attended at least 80% of the meetings of the Board and at least 79% of the combined meetings of the Board and the committees on which he or she served. The Board's Charter requires that all directors attend at least 75% of all Board meetings within the financial year.

act on behalf of the Board and report on their activities to the entire Board. The Board, as it deems appropriate, considers and approves the appointment of members of the Board Committees and the Charters of these Committees, which include the purpose, authority, composition, duties and responsibilities, functioning and conduct of meetings. Committee Charters are reviewed on a regular basis and updated and amended as often as needed to respond to the evolving regulatory and market environments in which the Group operates. Committee Chairs report to the Board on any key actions taken by their Committees or recommendations being made to the Board with respect to the Committees' mandates. As required by their charters, each Committee (except the Executive Committee, whose mandate is fully covered by the Board Charter) periodically reviews and assesses its charter's adequacy and reviews its performance.

	% ATTENDANCE AT MEETINGS OF THE BOARD (N=10)	AVERAGE % ATTENDANCE AT ALL BOARD AND COMMITTEE MEETINGS
Robert Almeida	80%	86%
Wayne Chen	100%	100%
Dennis Cohen	100%	100%
Sandra Glasgow	90%	92%
Patrick Hylton, CD	100%	100%
Hon. Noel Hylton, OJ	90%	79%
Hon. Michael Lee-Chin, OJ CHAIR	90%	93%
Sanya Goffe	100%	100%
Thalia Lyn, OD	90%	85%
Professor Alvin Wint	100%	92%

Committees of the Board

The Board has established five standing committees: Audit, Compensation and Human Resource, Corporate Governance and Nomination, Executive and Board Risk Management. These committees

The following outlines the oversight responsibilities of the Board's principal committees:

Audit Committee

The Audit Committee is constituted to assist the Board in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal control, the audit process, and the organisation's process for monitoring compliance with laws and regulations and the code of conduct. The Audit Committee of NCBJ also executes its responsibilities[1] in respect of subsidiaries within the Group.

Audit Committee members are independent and have full and direct access to NCBJ's Group Finance and Deputy Managing Director, Chief Internal Auditor and other financial, accounting and audit personnel, the General Manager (Group Legal & Compliance) and other members of management.

The Committee met five times during the year.

MEMBERS	NUMBER OF MEETINGS = 5
Sandra Glasgow	▶ ▶ ▶ ▶ ▶
Hon. Noel Hylton, OJ	▶ ▶ ▶
Professor Alvin Wint CHAIR	▶ ▶ ▶ ▶ ▶

The responsibilities discharged included the following:

Financial Statements

- Review of significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understanding their impact on the financial statements
- Review of the quarterly and annual financial statements, regulatory releases and the annual report, ensuring the completeness and accuracy of the information and the application of appropriate accounting principles before recommending their approval by the board

[1] Full responsibilities for subsidiaries for which there is no Audit Committee of the Board of Directors, and specific responsibilities for subsidiaries with appointed Audit Committees of the Boards of Directors.

Internal Control

- Review and monitoring of the effectiveness of the organisation's risk management and internal control systems, including information technology security and control
- Review and consideration of the scope of the Group Internal Audit Division's and the external auditor's review of risk management and internal control over financial and operational reporting, and obtaining reports on significant findings and recommendations, together with management's responses

Internal Audit

- Review and monitoring of the effectiveness of the Group Internal Audit Division, including charter, operational plan, staffing and organisation structure and compliance with the International Standards for the Professional Practice of Internal Auditing
- Ensuring there are no unjustified restrictions or limitations on the Chief Internal Auditor

Fraud Prevention

- Review and consideration of reports on significant frauds, forgeries and other irregularities in respect of any investigations undertaken

External Audit

- Review and consideration of the external auditors' audit scope and approach and the process for identifying and responding to key audit and internal control risks
- Reviewing the performance of the external auditors and make recommendations to the Board on the re-appointment and fee proposals for audit services

Compliance

- Review and consideration of the effectiveness of the system for monitoring compliance with laws and regulations and of the results of management's investigation and follow-up of any instances of non-compliance
- Review of updates from management and the Group Legal and Compliance Division regarding compliance matters
- Review of auditor observations
- Establishment of the procedures for receipt, retention and treatment of complaints received by the organisation regarding accounting, internal controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters
- Review of all relevant related party transactions to ensure that these are in compliance with the Policy on Related Party Transactions

The Committee reported quarterly to the Board of Directors on its activities.

Board Risk Management Committee

The purpose of the Board Risk Management Committee is to assist the Board in fulfilling its responsibility with respect to oversight of the Group's risk management framework including risk appetite, and the policies and major procedures related to managing credit, market, liquidity, capital, operational and certain other risks as determined from time to time. The Committee reports to the Board of Directors regarding the Group's risk profile, as well as its risk management framework including the significant policies and practices employed to manage risks in NCBJ's businesses as well as the overall adequacy of the risk management function. The Committee also plays a role in the decision-making process around significant risks that are to be undertaken by the Group.

The Committee met four times for the year.

MEMBERS	NUMBER OF MEETINGS = 4			
Robert Almeida	▶	▶	▶	▶
Dennis Cohen	▶	▶	▶	▶
Sanya Goffe	▶	▶	▶	▶
Sandra Glasgow	▶	▶	▶	▶
Patrick Hylton, CD	▶	▶	▶	▶
Professor Alvin Wint CHAIR	▶	▶	▶	▶

During the year, the Committee received and considered reports on the following:

- Emerging trends in the market which could impact the Group's strategy
- The Group's credit portfolios, including current credit risk exposures emanating from these portfolios and emerging credit risk trends
- The Group's investment portfolios, in particular the market

risks associated with these portfolios in addition to potential impact on profits arising from a number of changes in market variables such as interest rates and foreign exchange rates

- Liquidity - from a local market environment perspective, the structural liquidity of the balance sheet and the availability of liquidity to support the Group's strategic imperatives
- Operational risk assessments of key initiatives, existing processes and certain business units

The Committee also discussed and approved, where it considered it appropriate, credit facilities which were within the Committee's discretionary approval authority.

Compensation and Human Resource Committee

The mandate of the Compensation and Human Resource Committee is the crafting and maintenance of a compensation and human capital management framework that is performance oriented and aligned to market conditions. The Committee has strategic oversight of the policies and practices that are designed to:

- Attract and retain qualified individuals capable of executing the strategic objectives of the company
- Reward individual performance and stimulate employee discretionary personal contribution in keeping with the Company's strategic priorities
- Promote sustainable performance levels and recognise superior results
- Align stakeholder interests

The primary focus of the Committee over the past year was a comprehensive review of NCBJ's Senior Management Compensation and Performance Framework.

The Committee met four times during the year.

MEMBERS	NUMBER OF MEETINGS = 4
Sandra Glasgow	▶ ▶ ▶
Hon. Michael Lee-Chin, OJ CHAIR	▶ ▶ ▶ ▶
Hon. Noel Hylton, OJ	▶ ▶ ▶
Patrick Hylton, CD	▶ ▶ ▶ ▶
Professor Alvin Wint	▶ ▶ ▶ ▶

Corporate Governance and Nomination Committee

The Committee has responsibility for the Corporate Governance of the Bank. Its purpose is to assist the Board in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve global corporate governance best practice standards and to facilitate the Board and management's objective of increasing the long-term value of the Bank. The Committee met three times during the year.

MEMBERS	NUMBER OF MEETINGS = 3
Sandra Glasgow CHAIR	▶ ▶ ▶
Sanya Goffe	▶ ▶ ▶
Thalia Lyn, OD	▶ ▶
Professor Alvin Wint	▶

During the year, the Committee exercised general oversight with respect to the governance of the Board, including considering the matter of recruiting new directors for election to the Board, reviewing the suite of policies requiring revisions or updates for approval by the Board and reviewing the Board Charter, the Charter of the Committee and the Code of Ethics. The Committee also collaborated with McKinsey & Company to undertake a review and self-evaluation of the performance of the Board as a whole, and discussed the manner in which areas for improvement identified in the previous year's evaluation exercise were being addressed.

Sandra A. C. Glasgow
Chairperson

For more information, visit www.jncb.com

Our Policies

CORPORATE DISCLOSURE POLICY

National Commercial Bank Jamaica Limited and its subsidiaries (NCB), have a Corporate Disclosure Policy which has been communicated to the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The policy regulates the disclosure of information by NCB about NCB and its business activities. It stipulates that NCB companies shall be responsible to make any disclosure that they are required, respectively, to make by virtue of any law, regulation or regulatory requirement.

The Policy contains the following:-

1. Objectives and Principles of Disclosure
2. Media Communication Protocol
3. Details of the Persons generally authorised to make Disclosures on Behalf of NCB
4. Parties and Rules for the Disclosure of Information
5. NCB Companies Listed on a Stock Exchange /Annual Report to Stockholders
    a. General stipulations for disclosure by NCB Companies Listed on a Stock Exchange and in respect of Financial Information and information that should be contained in the Annual Report to Stockholders, including a Management Discussion & Analysis (MD&A). The MD&A provides an analysis, by the company's management, of the operations of the past financial year, including an assessment of the key activities and future plans which impact the company's performance.
6. In addition to the means of disclosure required by law, NCB's Listed Companies will:-
    a. conduct meetings
    b. disclose information on NCB's website and
    c. issue press releases

The Policy may be viewed in its entirety on the Bank's website at **www.jncb.com**

DIVIDEND POLICY

Dividends, which are paid out of the profits of an organisation influence shareholders' and potential investors' perception of the company's financial strength and ultimately share price.

Notwithstanding its importance to investors and shareholders, dividend payments reduce the level of profits retained in the company and consequently the level of capital. The maintenance of adequate capital is important in ensuring that the strategic objectives of an organisation are met while complying with all capital adequacy requirements.

The Board of Directors of National Commercial Bank Jamaica Limited (NCB) recognizes the importance of capital in meeting the needs of shareholders, investors and the business. To this extent, a dividend pay out rate has been determined.

DIVIDEND PAY-OUT RATE

The Board of Directors will declare, at its discretion, dividends to shareholders. These dividends will be paid from the realised earnings of NCB. The dividends will be subject to a maximum of 50% of the ordinary realised profit earned each year and will be applied after taking account of all transfers. In the event that the payout is less than 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

Further, the Board, at its discretion, may distribute to its shareholders the full amount of any and all realised gains arising from non-recurring or extraordinary transactions.

The Dividend Policy is consistent with the Capital Management Plan and is reviewed annually or more frequently as determined by the Board of Directors.

ENVIRONMENTAL POLICY & PRACTICES

The National Commercial Bank is committed to caring for and protecting the environment in which we operate. We now have a draft Environmental Policy and a draft Energy conservation strategy and continue to use 'green' technology throughout the enterprise where feasible.

This includes the discontinuation of the burning of waste at our locations, the use of LED lighting, rain water collection and distribution, air-conditioning upgrades and sewage disposal upgrades. These new mechanical sewage systems are being monitored by NEPA.

The use of green technology is being implemented in all new buildings. This technology includes LED lighting, solar power, rainwater collection and distribution system, inverter air-conditioning system and generator.

HUMAN RESOURCE DEVELOPMENT POLICIES AND PRACTICES

National Commercial Bank Jamaica Limited in its Human Resource Development Policies and Practices delivers on a vision that engenders a sustainable organization of excellence built on three pillars: selecting, developing and allocating the right human resources in order to optimize business success.

As we manage a fit for purpose human resource function in order to achieve operational excellence, the Human Resource Division in its role ensures that the business has the right capability, capacity and organization design to create value. To this end, some of the main areas of focus in our policies and practices include: Talent Management, Occupational Health and Safety, HIV Workplace Policy, Learning and Development, Succession Management and Education/Benefits (a summary of each is provided below and can be found on our internal website and published in our Annual Learning Reports which can be located on our website at www.jncb.com):

TALENT MANAGEMENT

The practices and procedures which guide Talent Management are: fair and consistent, non-discriminatory on the grounds of sex, race, age, religion or disability and conform to statutory regulations and agreed best practices. Key talent management initiatives have also been implemented namely: Virtual Orientation, Professional Development Planning and Performance Management Enhancement.

OCCUPATIONAL HEALTH AND SAFETY

The Group seeks to provide a workplace that is free from preventable injuries and occupational illnesses through the observance of the respective rules and regulations by all concerned. We believe that a safe and healthy working environment is essential to achieving high productivity and work quality comparable with international standards.

HIV WORKPLACE POLICY

The policy provides a framework to monitor and mitigate the impact of HIV/AIDS on the Company and seeks to maintain stability and productivity in the workplace, whilst protecting confidentiality, dignity and rights of HIV positive employees.

LEARNING AND DEVELOPMENT

The Company is committed to channelling its resources into those initiatives that support employee professional development and expertise. The Corporate Learning Campus supports the Company's employment, retention and growth strategies, including but not limited to marketing plans, succession planning, promotion, rotation and cross-training interventions, and thereby assist in the increase of performance and productivity levels.

SUCCESSION MANAGEMENT

The Programme involves a deliberate effort to include senior management in succession management by allowing them to identify leadership requirements, identify a pool of high potential candidates, develop leadership competencies in those candidates and select leaders from a pool. The programme also mandates ownership and accountability by senior management.

EDUCATION/BENEFITS

The NCB Education Policy seeks to encourage staff who demonstrates that they understand the value of being responsible to themselves to improve their own knowledge and understanding of the skills and the issues which are relevant to the services offered by the Group.

BUSINESS CONTINUITY POLICY & PLAN

NCB's Business Continuity Plan has been crafted to ensure that the business is able to recover from disasters and other non financial disruptions in as little time as possible and with as little loss in revenue as possible.

The Business Continuity Plan documents the response to be undertaken in specified scenarios and indicates the minimum resources required to ensure the continuity of key business functions in the event of disruptions.

The Plan is drafted in a modular format such that an individual subplan is maintained for the different subsidiaries, divisions, branches and critical business units. The plans are stored in a central web-based repository, which facilitates plan distribution, sharing and updating.

For each business area, the Business Continuity Plan provides a map of specific instructions to be carried out in the event of a future significant business disruption and events of varying scope. Among other things, the Plan describes the role for recovery sites, backup data bases and system facilities. A Chief Command team is responsible for monitoring the effective execution of the Plan at the point of business disruption.

For more information, visit www.jncb.com

Group Managing Director's Message

The theme of Growth through Transformation represents the journey National Commercial Bank Jamaica Limited ("NCB"), is currently undertaking as we pursue our aspiration to become the premier financial institution in the English and Spanish speaking Caribbean.

The theme is also symbolic of a journey that is being undertaken by our nation as result of our current economic programme.

The burning platform for growth through transformation is driven by the fast changing global environment in which we operate. This is an environment where technology and digitisation have lowered barriers to entry, changed the competitive landscape, raised our customers' expectations and expanded their options. The rate of change has also rapidly escalated and those who fail to keep pace face repercussions as severe as obsolescence.

At the centre of our transformation agenda are the current and future needs of our customers. They are demanding faster, higher quality, more cost effective and higher value added products and services. They also need their financial providers to help elevate their level of financial wellness throughout their various stages of life. We intend to meet and exceed these expectations.

"Growth through transformation is a continuous cycle of improvement and advancement with benefits for all."

For more information, visit www.jncb.com

Group Managing Director's Message

Cont'd

This will in turn lead to growth which enhances the resources we have available to our shareholders, employees, the nation and our customers. Growth through transformation is therefore a continuous cycle of improvement and advancement with benefits for all.

One of our most impactful customer centred transformations for the 2014 financial year was the rollout of our Bank on the Go programme in our branches island-wide. We have installed intelligent ABMs and Kiosks in our branches which allow our customers to conduct routine transactions such as cheque and cash deposits and bill payments. This allows the customer to avoid long waits in the teller lines, and the costs of conducting transactions on these channels is lower than the cost at the teller line and in many instances free. Moreover, it still provides customers with the same safe and secure environment of the banking halls that they previously enjoyed with added convenience as they can conduct transactions after banking hours. Some of our locations are accessible 24/7, allowing our customers to bank on their own schedule. Finally, the introduction of these new technologies frees up the time for our front line staff to have more value added conversations with our customers about how they can improve their financial livelihoods. This transformation was a direct result of feedback from our customers.

Our local and regional expansion plans are also customer driven. We want to ensure that the breadth and depth of financial solutions we provide are sufficient to meet our customers' current and evolving needs. Our December 2013 acquisition of AIC Finance Limited (now rebranded NCB Global Finance Limited), has concretised the initiation of our regional expansion aspirations. We are delighted to begin serving the Trinidadian market as well as expanding the range of solutions offered to both Jamaicans and Trinidadians that come with this expansion.

In some instances success fosters complacency, however success motivates us at NCB to continuously raise the bar because this is what distinguishes good companies from great ones.

I take the opportunity to thank each customer, employee and shareholder for their continued support on our journey. We are indeed creating the Bank of the Future by transforming ourselves for growth and the benefit of all our stakeholders.

Thank you

Patrick Hylton, CD
Group Managing Director

I took a **leap of faith…**

…and my partner NCB took that leap with me.

They have stuck with me and helped me grow my business and put my Best LIFE Forward.

Our Leadership Team

Our leaders are the creators and implementors of our strategic and operational direction. Their roles require focus and flexible actions pursuant to value creation for all stakeholders.

ALLISON WYNTER
General Manager, Group Risk Management Division

ROLES & RESPONSIBILITIES:
Allison Wynter has responsibility for the identification, assessment, measurement, monitoring and shared-management of the principal risks faced by the Group with particular emphasis on Credit risk, Market risk and Operational risk.

Appointments & Special Achievements:
Allison is a Chartered Accountant, Chartered Financial Analyst and holds an MBA in Finance from the University of Manchester, a Masters in Accounts and a Bachelor of Arts (Hons.) degree from the University of the West Indies.

She is a member of the Group ALCO and ALCO (Asset & Liability) Committees and serves on the Investment Management Committee of NCB Insurance Company Limited and the Risk Management Committees of NCB Insurance Company Limited, NCB Capital Markets Limited and NCB Cayman Limited. She is also a trustee of the NCB Staff Superannuation Fund (1999) and a member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica.

AUDREY TUGWELL HENRY
Senior General Manager, Retail Banking Division

ROLES & RESPONSIBILITIES:
Audrey is charged with responsibility for leadership of the Retail Banking Division. She implements initiatives that will allow the business to achieve its targeted growth and profitability, as well as evaluates market trends, both locally and internationally, in order to develop a wide array of banking solutions to meet consumer needs. Her focus includes improving efficiency and customer experience.

Appointments & Special Achievements:
Audrey holds an MBA in General Management from the University of the West Indies, a BSc in Management Studies from the University of the West Indies and a Diploma in Education from Church Teachers College. She serves on the Boards of NCB Remittance Services (U.K) Limited, NCB Insurance Company Limited and is the current Board Chairperson at J.E.T.S Limited. She also a member of the Asset and Liability Committee of the Bank (ALCO).

BRIAN BOOTHE
General Manager, Corporate Banking Division

ROLES & RESPONSIBILITIES:
Brian Boothe is responsible to strategically guide, grow and manage the Bank's Corporate Banking portfolio. He is charged with leading the Division in accordance with high efficiency benchmarks aligned to the Bank's strategic plan with special emphasis on the development of human capital for sustainable business growth. He is also responsible for the delivery and management of an asset portfolio of high-value 'blue chip' corporate clients with significant loan and deposit bases important to the Bank's profitability and growth.

Appointments & Special Achievements:
Brian holds an MBA (Finance) from Dalhousie University in Canada and a B.SC. Management Studies, (First Class Honours) from University of the West Indies. He was also Councillor of the Association of Graduate Students at Dalhousie and President of Management Studies Association at UWI. Prior to his appointment as General Manager, he served as Senior Assistant General Manager responsible for management of the Division's western unit, where he effectively attended to a cross-section of NCB's largest clients thus driving the profit of the Division. He served the Montego Bay Chamber of Commerce and Industry as Vice President and Director over several years.

Brian also brings a wealth of industry experience to bear in his current role having held key management positions in Finance and Retail Banking.

DAVE L. GARCIA
Company Secretary & General Manager Group Legal & Compliance Division

ROLES & RESPONSIBILITIES:
Dave Garcia is responsible for providing the Bank and its subsidiaries with general advice, leadership and direction on all legal, regulatory, compliance and corporate secretarial matters. He is charged with overseeing the operations of the Group Legal & Compliance Division and guiding the Group's legal strategy in its drive toward growth and expansion in Jamaica and elsewhere in the Caribbean. His role also encompasses managing the relationships with external counsel acting on behalf of the NCB enterprise.

Appointments & Special Achievements:
Dave is an Attorney-at-Law with Bachelor's and Master's degrees in law and a certified Anti-Money Laundering Specialist. He is Chairman of Youth Reaching Youth, a charitable organization and former Co-Chairperson of the Jamaica Bankers Association's (JBA's) Compliance Committee. He is also a member of JBA's Public Policy and Legislative Committee, as well as the Jamaica Bar Association's Commercial Law Committee (of which he has previously served as Convenor).

DENNIS COHEN
Group Finance & Deputy Managing Director

ROLES & RESPONSIBILITIES:
Dennis Cohen has oversight responsibility for the Group's insurance and wealth management business segments and provides leadership and oversight for the Group's financial planning and reporting. He is also responsible for monitoring the performance of the Group against strategy and budget and overseeing the Group's transformation office and investor relations function.

Appointments & Special Achievements:
As the CEO of NCB Capital Markets Limited during the 2012-13 financial year, Dennis had responsibility for the day to day management of the Group's securities dealership and stock brokerage business, which forms a major part of the wealth management segment.

Our Leadership Team

Cont'd

MAJOR Ffrench CAMPBELL
Senior Assistant General Manager, Group Facilities & Services Division

ROLES & RESPONSIBILITIES:
Major Ffrench Campbell is charged with the management of all facilities, which includes all construction projects, the acquisition and disposal of buildings, lands and equipment and the ongoing maintenance of all building systems and equipment that support the business. He also has portfolio responsibility for the security, safety, environmental and centralized purchasing portfolios for the Group.

Appointments & Special Achievements:
Ffrench holds a Bachelor's Degree in Engineering from the Royal Military College of Science, Cranfield in the United Kingdom and an Executive MBA from the University of the West Indies. He currently serves as a Director for the Data Cap Processing subsidiary.

HOWARD GORDON
Senior General Manager, Group Operations and Technology Division

ROLES & RESPONSIBILITIES:
Howard Gordon is charged with reengineering the operating processes and practices to support the Group's customer service strategies, implementing initiatives to promote operational efficiency, ensuring the implementation and maintenance of a robust technology environment and leading the creation of an operations environment consistent with international banking practices to support the Group's risk, sales and service strategies.

Appointments & Special Achievements:
Howard possesses a wealth of experience in auditing, risk management, operational management, business process re-engineering and productivity management as well as a working knowledge of information systems. He is a graduate of the Manchester School of Business at the University of Manchester where he earned his MBA and holds a first class honours degree in Business Administration from the University of Technology (Jamaica). He is an Associate of the Chartered Institute of Bankers (ACIB) London.

MARK THOMPSON
President and Chief Executive Officer
Advantage General Insurance Company Limited

ROLES & RESPONSIBILITIES:
Mark Thompson has responsibility for the development and execution of the strategic goals to propel the company to achieve its vision of becoming a globally recognized and innovative industry leader.
In executing his leadership mandate, he provides direction to his team in financial, risk and performance management and corporate governance and compliance. .

Appointments & Special Achievements:
Mark has a Bachelor of Commerce Degree from the University of Toronto with a minor in Actuarial Science and Economics. He has been a member of the Canadian Institute of Chartered Accountants for over 15 years. He is Director of the Insurance Association of Jamaica Executive Board and a member of the General Insurance Executive Committee.
He has worked in several prominent businesses in senior positions with the most recent being as the Chief Financial Officer for the Cable & Wireless Jamaica Limited. He also worked in Canada for over 10 years and within the CARICOM region at companies such as KPMG, MGI Software and World Gaming Plc.

MUKISA RICKETTS
Chief Internal Auditor,
Group Internal Audit Division

ROLES & RESPONSIBILITIES:
Mukisa Ricketts is charged with providing strategic direction and oversight of the internal audit activities for the NCB Group. Her role facilitates transparency of the Group's operations through the independent and objective assurance on the effectiveness of the risk management and governance processes and the internal control environment.

Appointments & Special Achievements:
Mukisa also holds the position of Vice Chair of the Audit Committee of the Auditor General's Department. She is a Certified Internal Auditor (CIA) with The Institute of Internal Auditors, USA, a Fellow of the Association of Chartered Certified Accountants (FCCA), UK, and a Fellow of the Institute of Chartered Accountants of Jamaica (FCA). She is a volunteer with the Institute of Internal Auditors, Jamaica Chapter. Prior to joining NCB, Mukisa held the post of Senior Audit Manager at the Bank of Nova Scotia Jamaica Limited. She began her career at PricewaterhouseCoopers where she held the position of Senior Accountant at the time of her departure.

NADEEN MATTHEWS
Snr. Assistant General Manager - Strategy, Marketing & Communications & Chief Executive Officer of the NCB Foundation

ROLES & RESPONSIBILITIES:
Nadeen Matthews has responsibility for the Bank's strategy and all marketing, communications and corporate philanthropic policies and functions. As the Head of Strategy, she works with the leadership of the organization to establish cohesive, coherent and effective strategic plans for the Group and its subsidiaries.

Appointments & Special Achievements:
Nadeen earned her MBA in Marketing and Entrepreneurship at the Wharton School, University of Pennslyvania and graduated cum laude with a Bachelor of Science in Financial Economics from Binghampton University. Her earlier work experience includes duties as Senior Associate at McKinsey & Company, Atlanta Georgia and Assistant Vice President at JPMorgan Chase in New York.

For more information, visit www.jncb.com

Our Leadership Team

Cont'd

RICKERT ALLEN
Senior General Manager, Group Human Resources Division

ROLES & RESPONSIBILITIES:
Rickert Allen's core mandates are the development and execution of strategies for the effective and efficient management of the human capital of the Group, in keeping with the organisation's strategic direction, in order to create a work environment conducive to high levels of employee productivity, engagement and customer service excellence. He also has overall responsibility for the Group Facilities and Services Division.

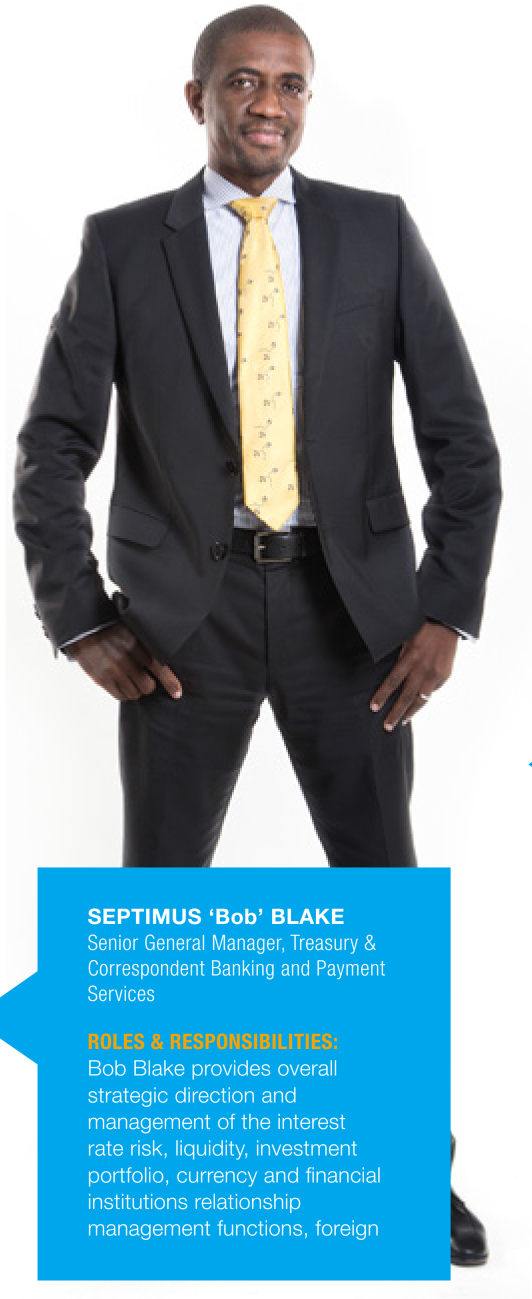
Appointments & Special Achievements:
Rickert is a Chartered Fellow of the Chartered Institute of Personnel Development and an Executive Member of the Jamaica Employers' Federation (JEF). He has served on a number of boards and currently sits on the Boards of Advantage General Insurance Company Limited and the National Council on Technical & Vocational Education & Training (NCTVET). He is the Vice Chairman of the Board of HEART Trust/NTA and Chairman for the Corporate Governance Committee of the HEART Trust/NTA. He is also a member of the Society for Human Resource Management (SHRM), Human Capital Institute (HCI) and the UWI Mentorship Programme.

PATRICK HYLTON
Group Managing Director – National Commercial Bank Jamaica Limited

ROLES & RESPONSIBILITIES:
Patrick Hylton is responsible for the strategic development of the organisation so that its sales, service and risk management goals are appropriately set and attained.

Appointments & Special Achievements:
Under Patrick's leadership, NCB has maintained continuously strong performance, as well as won numerous awards locally and internationally.

(Reference profile under Board of Directors on page page 20 for more information)



SEPTIMUS 'Bob' BLAKE
Senior General Manager, Treasury & Correspondent Banking and Payment Services

ROLES & RESPONSIBILITIES:
Bob Blake provides overall strategic direction and management of the interest rate risk, liquidity, investment portfolio, currency and financial institutions relationship management functions, foreign exchange trading for the Bank and the Bank's Card Issuing and Acquiring business. He also has responsibility for the Group's Channels including the Customer Care Centre, ABMs and all alternative channels.

Appointments & Special Achievements:
Bob has received professional training in asset/liquidity and risk management both locally and internationally. He serves as director on the boards of NCB Remittance Services (UK) Limited and NCB Capital Markets Limited. Currently, he is the Jamaica Bankers Association (JBA) representative to the Bank of Jamaica Bankers Sub-Committee.

STEVEN GOODEN
CEO, NCB Capital Markets Limited

ROLES & RESPONSIBILITIES:
Steven Gooden is charged with leading the performance of the Group's wealth, asset management and investment banking arm and has oversight of the Group's operations in Cayman and Trinidad & Tobago. His strategic focus is to drive product penetration throughout the enterprise and to expand the company's footprint across the region.

Appointments & Special Achievements:
Steven is a holder of the Chartered Financial Analyst (CFA) designation, has a Master's Degree in Finance and Economics, a Bachelor's degree in Economics and Accounting and has won many local awards in the areas of research and portfolio management. He has also participated in Executive Development courses at Chicago Booth and Wharton Business schools covering strategy, change leadership and mergers & acquisitions.

Steven is a director of NCB Capital Markets Ltd, NCB Capital Markets (Cayman) Ltd, NCB (Cayman) Ltd, NCB Global Finance Ltd, Elite Diagnostic Limited and the Jamaica Stock Exchange Limited and serves as Treasurer of the Jamaica Securities Dealers Association and the Wolmer's Old Boys Association.

VERNON JAMES
Managing Director & CEO, NCB Insurance Company Limited

ROLES & RESPONSIBILITIES:
Vernon James has overall responsibility for the strategic leadership of NCB Insurance Company. He has portfolio responsibility for over $50B in Pension Funds under management and is charged with improving NCBIC market share, which today ranks number two.

Appointments & Special Achievements:
Vernon holds a Master of Science Degree in Financial Mathematics from the Warwick University in England and a Bachelor's Degree in Mathematics from the University of the West Indies. He had acquired expertise in managing investments and securities trading, at Scotia Investments Jamaica Limited at the management level prior to joining the NCB Group in 2008. He is a member of the Insurance Association of Jamaica and a Director of the N.C.B. Foundation Board.

Management's Discussion & Analysis (MD&A)

The management of National Commercial Bank Jamaica Limited and its subsidiaries (hereafter referred to as the "NCB Group", "Group", "we", "our" and "our company") is responsible for the integrity and objectivity of the information contained in this Management Discussion and Analysis (MD&A). The financial information disclosed in the MD&A is consistent with our audited consolidated financial statements and related notes for the year ended September 30, 2014 ("financial statements"). The information conveyed is based on the informed judgment of management with appropriate consideration to materiality. In this regard, management maintains a system of accounting and reporting that provides for the necessary internal controls to ensure that transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities are fully recognised. Importantly, the system of control is continually reviewed for its effectiveness and is supported by written policies and guidelines, qualified personnel, and strong internal audit and risk assessment procedures.

The MD&A is presented to enable readers to assess the operational results and financial condition of the Group for the year ended September 30, 2014, compared with the prior years. The MD&A should be read in conjunction with our financial statements. Unless otherwise indicated, all amounts are expressed in Jamaican dollars and have been primarily derived from our financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

Corporate Overview

We are Jamaica's largest banking and financial services group, based on consolidated total assets at September 30, 2014. National Commercial Bank Jamaica Limited is a licensed commercial bank, which is regulated and supervised by the Bank of Jamaica. Our major subsidiaries are:

- **NCB Capital Markets Limited** (NCBCM) is a licensed securities dealer and investment advisor regulated and supervised by the Financial Services Commission.

Contents

* The Subsidiaries not independently highlighted in this Report are: NCB UK Representative Office and NCB Global Finance Limited.

- **NCB Insurance Company Limited** (NCBIC) is a licensed life insurance company, and an investment manager and pension administrator regulated and supervised by the Financial Services Commission.
- **Advantage General Insurance Company Limited** (AGIC) is a licensed general insurance company regulated and supervised by the Financial Services Commission.

For more information, visit www.jncb.com

Our Financial Snapshot

The National Commercial Bank Jamaica Limited trades under the symbol "NCBJ" on the Jamaica Stock Exchange and the Trinidad & Tobago Stock Exchange.

EXTRACT FROM THE JAMAICAN FINANCIAL SERVICES INDUSTRY

Commercial Banking Industry Data - At June 30, 2014 [(1)]	National Commercial Bank Jamaica Limited	Commercial Banking Industry ($)
Market Share by Assets	43.4%	810.6
Market Share by Deposits	38.2%	510.9
Market Share by Loans, Advances & Discounts (Net)	41.4%	362.3
Insurance Regulated Industry - At March 31, 2014 [(2)]		
NCBIC percentage market share of assets in Life Insurance Industry	14.9%	255.6
AGIC percentage market share of assets in General Insurance Industry	19.9%	58.6
Licensed Dealers/Securities Firms Industry - at December 31, 2013 [(3)]		
NCBCM percentage market share of FUM in Securities Dealers Industry [(4)]	13.8%	691.7

(1) Bank of Jamaica - Unaudited Assets & Liabilities of Commercial Banks as at 30 June 2014.
(2) Financial Services Commission of Jamaica - Insurance Industry Performance as at March 2014.
(3) Licensed dealers are regulated and supervised by the Financial Services Commission of Jamaica.
(4) Planning Institute of Jamaica - Economic and Social Survey Jamaica - 2013. In the 1st quarter of the 2013/2014 financial year NCB Capital Markets launched Unit Trust products, no comparative data is available for December 31, 2013, however the net asset value of the Unit Trust as at September 30, 2014 was $8.7 billion. Industry at December 31, 2013 - total funds under management (FUM) - Unit Trust Management Companies $37.0 billion.

We provide retail consumers, small- and medium-sized enterprises ("SMEs"), large corporations and government institutions with banking, wealth management, life & general insurance and pension fund management products & services. Founded more than 175 years ago, we provide banking, insurance, investments, structured & trade finance, wealth management, pension fund management, and trust services through more than 40 branches and locations. We also offer selected transactions such as bill payments, transfers, and enquiries at over 200 automated banking machines (ABMs). In addition, there are self-service options at financial kiosks and intelligent ABMs in our Bank on the Go locations and on the Internet - www.jncb.com.

In December 2013, we acquired AIC Finance Limited (in Trinidad and Tobago) through our wholly owned subsidiary NCB Capital Markets Limited (NCBCM). AIC Finance Limited was incorporated in the Republic of Trinidad and Tobago and held licenses under the Financial Institutions Act 1993 as a financial institution with authority to accept deposits, originate finances and service loans and leases, deal in investment securities, including certificates of participation in asset backed securities, and provide foreign exchange and trustee services. Effective August 6, 2014, AIC Finance Limited's name was changed to NCB Global Finance Limited. The results of NCB Global Finance are included in the consolidated results of the Group for the year ended September 30, 2014. This acquisition is aligned to our strategic goal of regional expansion, to serve our customers and secure wealth for all our stakeholders.

Performance Measurement

We continue to actively measure our key performance indicators against local and international benchmarks and internal targets. We have monitored our strategy using the balanced scorecard, which contains both financial and non-financial measures covering areas that are important to all stakeholders including customers, employees, communities and shareholders. Each year is analysed in the context of our overall strategic goal to be a top financial services organisation in the Caribbean.

Our financial measures include quantitative targets for net profit, revenue, core balance sheet line items, return on equity, market share, capital management and strength, risk management, and operating efficiency. Our non-financial targets include objectives in the areas of sales effectiveness, customer service, innovation, product penetration, customer satisfaction, customer loyalty, employee satisfaction, employee engagement, efficiency improvements, optimising our branch network, regional expansion, corporate social responsibility, community involvement, and corporate governance.

We monitor our performance as frequently as is required to proactively respond to changes in our environment. We couple these performance reports with forward looking projections to ensure prudent and timely decision making. Additionally, we do forecasting and planning to assist the leadership team to effectively manage the business. We actively pursue our strategic imperatives and review outcomes using defined strategic measures to ensure alignment with the overall mission of the organisation.

Our Financial Snapshot

Cont'd

TABLE 1 // SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in millions, except per share amounts)	2009	2010	2011	2012	2013	**2014**	% Change Financial Year 2014 vs. Financial Year 2013	Five-year compounded annual growth rate (CAGR)
CONSOLIDATED INCOME STATEMENT								
Net interest income	18,880	20,650	21,151	21,784	23,559	**24,661**	5%	5%
Non-interest income	8,392	8,774	13,521	12,763	14,407	**18,593**	29%	17%
Operating income	**27,272**	**29,423**	**34,672**	**34,547**	**37,966**	**43,254**	14%	10%
Staff costs	7,990	9,253	9,240	9,756	11,227	**11,524**	3%	8%
Provision for credit losses	1,028	948	769	2,463	2,066	**2,227**	8%	17%
Non-interest expenses	5,083	5,935	9,175	10,148	16,729	**14,025**	(16%)	23%
Net profit	10,248	11,075	13,885	10,046	8,579	**11,642**	36%	3%
Earnings per share ($)	4.16	4.50	5.64	4.08	3.49	**4.73**	36%	3%
Dividends paid per share ($)	0.88	1.90	1.36	1.10	1.11	**1.18**	6%	6%
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (AT YEAR END)								
Investment securities	167,719	200,133	204,748	210,654	234,437	**264,171**	13%	10%
Net loans	88,178	85,995	91,728	111,905	141,150	**157,630**	12%	12%
Total assets	315,096	334,970	359,618	379,436	446,575	**499,345**	12%	10%
Customer deposits	130,331	144,283	155,800	162,930	178,411	**202,162**	13%	9%
Repurchase agreements	77,374	85,293	84,075	101,890	117,377	**134,691**	15%	12%
Liabilities under annuity and insurance contracts	19,115	20,406	23,564	25,194	33,915	**34,231**	1%	12%
Equity	41,016	48,808	61,977	66,343	71,969	**80,614**	12%	14%

TABLE 2 // KEY RATIOS AND PER STOCK UNIT DATA

	Year ended September 30		
	2012	2013	**2014**
PROFITABILITY RATIOS			
Return on average total assets	2.72%	2.08%	**2.46%**
Return on average equity	15.66%	12.45%	**15.26%**
Cost to income ratio	56.26%	67.49%	**63.80%**
CAPITAL RATIOS			
Risk-based capital adequacy ratio (Bank)	12.96%	12.58%	**12.94%**
Capital to risk weighted assets (NCB Capital Markets)	26.20%	20.90%	**28.60%**
Solvency ratio (NCB Insurance)	34.64%	36.30%	**42.90%**
Minimum capital test (Advantage General Insurance) *		251.71%	**330.48%**
Equity to total assets	17.48%	16.12%	**16.14%**
PER STOCK UNIT DATA			
Dividend payout ratio (based on payment date)	26.96%	31.90%	**24.95%**
Dividend yield	5.02%	5.84%	**6.58%**
Book value	J$26.95	J$29.24	**J$32.75**
Market Price - Jamaica Stock Exchange (JSE)			
High	J$34.00	J$25.95	**J$19.50**
Low	J$21.00	J$16.02	**J$15.55**
Year end	J$21.90	J$19.00	**J$17.94**
Market Price - Trinidad and Tobago Stock Exchange (TTSE)			
High	TT$2.25	TT$1.65	**TT$1.18**
Low	TT$1.60	TT$1.10	**TT$0.97**
Year end	TT$1.60	TT$1.13	**TT$1.00**

* Advantage General Insurance Company Limited was acquired in February 2013.

Our Operating Environment

After several years of contraction, the Jamaican economy returned to growth in the September 2013 quarter. This growth continued through to the June 2014 quarter where output increased by 1.8%...

GLOBAL ECONOMY

During the financial year, the global economy continued its uneven recovery. Advanced economies took the lead as emerging markets experienced challenges given the mounting threat emanating from the scaling back of the accommodative policy of the US Federal Reserve, widely known as Quantitative Easing (QE). The Federal Reserve has been reducing its monthly bond purchases under QE, signalling its confidence in the current trajectory of the country's economic performance. Supporting this move, is the fact that there have been positive signs in key pockets of the economy, which contributed to US GDP expanding by 4.6% in the April to June quarter of 2014, while unemployment declined to 6.1% from 7.2% in the previous year. There was favourable news in other parts of the world as the UK appeared to have recovered the output lost during the financial crisis and is on track for a solid performance. Output was 3.2% higher than a year earlier, the fastest annual pace in six years and has surpassed its pre-recession 2008 GDP peak. The IMF raised its U.K. growth forecast recently to 3.2%, putting Britain on course to expand more rapidly than the U.S. in 2014.

The Eurozone on the other hand, continues to be beset by challenges. Initiatives undertaken by the European Central Bank (ECB) to promote credit expansion and economic growth through its low interest rate policy and long term refinancing operation (LTRO), failed to provide the necessary growth impetus. The World Bank revised its growth forecast for the Eurozone downwards to 0.9% for 2014 and 1.6% in 2015, from 1.0% and 1.7% respectively. Plagued by sluggish growth, high levels of unemployment and the possibility of deflation, the ECB announced, on September 4, 2014, plans to pursue even further accommodative measures. This time around, the ECB plans to initiate monthly bond purchases of asset backed securities (ABS), which will be employed with the view of increasing banking system liquidity and expanding credit.

Despite the slowdown in the Eurozone, robust growth momentum from heavyweight economies such as the US, UK and China is likely to drive global economic activity. As such, the global output is expected to pick up speed as the year progresses and is projected to expand by 2.8% this year, strengthening to 3.4% and 3.5% in 2015 and 2016, respectively. The World Bank expects that high-income economies will contribute about half of global growth in 2015 and 2016, compared with less than 40% in 2013.The acceleration in high-income economies will be an important impetus for developing countries such as Jamaica. Of note though, mounting geopolitical tensions involving the US, Europe and Middle Eastern countries have the potential to reverse prior economic gains, in the event these developments become protracted.

LOCAL ECONOMY

After several years of contraction, the Jamaican economy returned to growth in the September 2013 quarter. This growth continued through to the June 2014 quarter where output increased by 1.8% according to the Statistical Institute of Jamaica. However, as a result of the severe drought that affected the Agriculture sector through a decline in crop yields, the Planning Institute of Jamaica (PIOJ) reported that real GDP contracted by an estimated 0.8% for the July to September 2014 quarter. As plant yields normalise, the economy is expected to return to growth in December 2014. The economic turnaround up to the June 2014 quarter has been helped by improvement in key industries such as Agriculture, Construction and Tourism along with an increase in investor confidence and the implementation of several capital projects. The Goods Producing sector led the way in taking the economy out of a trough, with the Agricultural sector playing an integral role. Improvements in agriculture largely reflected recovery from the impact of Hurricane Sandy and the benefits from drought mitigation measures implemented in previous quarters, together with increased output from the Agro Parks. However there is the downside risk that prolonged drought conditions could negate some of these positive developments in the sector, and as such slow the pace of growth from July onwards. Other areas of the Goods Producing sector such as, construction continued to show growth thanks to road and hotel construction projects. In the Services Industry, Tourism continues to be one of the stand-out performers along with sectors such as "Finance & Insurance Services" and "Real Estate, Renting & Business Services".

Expectations are that growth will continue in the new financial year. The PIOJ projects that growth for both the 2014 calendar year and 2014/15 fiscal year will be between 0.5% and 1.5%. The improvement in investor confidence bodes well for continued recovery in the local economy. In the 2nd quarter 2014 survey of Business & Consumer Confidence, investment plans reached an all-time record level. A record number of firms for the third consecutive quarter expressed their intent to increase their investments in their own business during the year ahead. Robust investment plans for new plant and equipment represent a vote of confidence by business firms in the future state of the Jamaican economy.

Confidence continued to be restored following Jamaica's success in meeting its quantitative performance targets and passing its fifth test under the Extended Fund Facility (EFF) with the IMF. These strides were acknowledged on September 19, 2014 by Standard & Poors (S&P) Ratings Services which affirmed the 'B-'long-term foreign and local currency and 'B' short-term foreign and local currency sovereign credit ratings on Jamaica. At the same time, the outlook on the long-term sovereign credit ratings was revised to positive from stable. The outlook reflects the fact that the Jamaican economy has stabilised thanks to improved external liquidity, a return to economic growth, the ability to successfully re-enter the international capital markets for the first time since the National Debt Exchange (NDX) and the Government's success in meeting its fiscal targets under the programme. This suggests the possibility of an upgrade if more progress is made on the external and fiscal fronts.

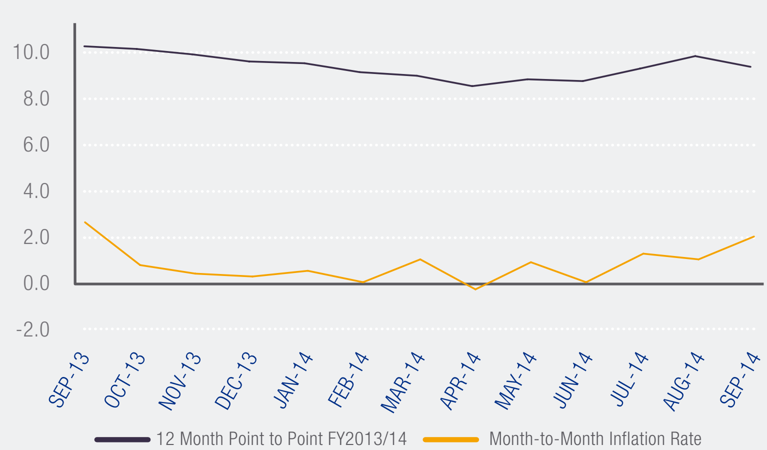
Despite these positives, there is still a long road ahead in creating a path of sustainable economic growth. Critical sectors such as manufacturing, often a gauge of economic strength, have struggled even as the economy grew over the last four quarters. Other areas of economic weakness lie in the job market where the unemployment rate remains high. While local unemployment declined to 13.8% as at July 2014, 1.6 percentage points lower year over year, the rate of unemployment remains high. The pace of hiring is slow and could restrict consumer investment, spending plans as well as hinder the Government's revenue collection efforts.

FISCAL

For the fiscal year 2013/2014, the Government achieved a fiscal surplus of 0.1%, surpassing its target of a 0.4% deficit. This outturn was largely a result of the reduction in interest costs following the NDX as well as cuts in capital expenditure. Expenditure was 4.8% below budget. However, meeting the tax revenue target remains difficult. Tax revenues were weaker than budgeted by approximately 4.8% due to a decline in PAYE receipts and lower taxes from international trade, given the falloff in imports. However, higher than budgeted grant receipts and non-tax revenues mitigated the impact of the lower tax revenue intake, reducing the overall revenue shortfall relative to the budget to 2.5%.

The Government has set its sight on meeting a 0.5% deficit and a 7.5% primary surplus target for the fiscal year 2014/15. The figures for the period April to September 2014 show that it remains on track. At $19 billion, the deficit is 24.9% lower than budget, while the primary balance is 13.5% above the $38 billion budgeted for the period. Despite new tax measures implemented in the fiscal 2014/15 which includes additional taxes on the financial sector, tax revenues continue to fall short of budget. The Government will have to improve on the trend in revenue take-up in order to meet the tax revenue floor target for the fiscal year. This will pose challenges in light of continued high unemployment and lower consumer disposable incomes which will mean reduced spending. That said, we anticipate that expenditure cuts will continue to counter the revenue shortfall for some time.

INFLATION RATE DECLINES IN LAST FY



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MD&A Cont'd

Our Operating Environment

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The EFF has placed a lot of emphasis on tax reform which (among other things) seeks to eliminate ministerial discretion in the granting of incentives, broaden the tax base, and reduce rates. The Government remains on track as it relates to the implementation of key elements of the overall agenda which bodes well for long term revenue collection, lower fiscal deficits and debt levels.

INFLATION

As at September 2014 point-to-point inflation stood at 9.0%, while calendar year to date inflation was 7.21%. The outturn was influenced mainly by the longest drought in recent history which took a toll on the agricultural sector and drove up food prices. Consequently, Food & Non-Alcoholic Beverages – the most heavily weighted category saw a 10.0% point-to-point increase. Although lower petrol prices tempered the movement in the "Transport" index later in the year, the 25% increase in route taxi fares resulted in this division recording a 19.6% increase - the biggest movement of all the categories. Domestic prices were also affected by the depreciation in the local currency and the flow-through effects on input costs. That said, weak consumer demand helped to restrain the extent of these price increases.

The BOJ projected that inflation will be in the 7.0% to 9.0% range for the full fiscal year. However there are several factors that may push the actual outturn close to or above the BOJ's upper limit. One such factor is the 20% increase in bus fares granted to the Jamaica Urban Transit Company (JUTC) which took effect in September 2014. As a result, the "Transport" index is likely to record one of the strongest movements. Moreover the proposed 21% increase in the tariff rate for electricity as requested by the Jamaica Public Service Company could add further inflationary impulse. Geopolitical risks are also of concern given that the current situation in the Middle East has the potential to disrupt oil supplies, leading to a spike in oil prices. Given these developments, we anticipate that the pass-through effects on local inflation are likely to be greater than forecast.

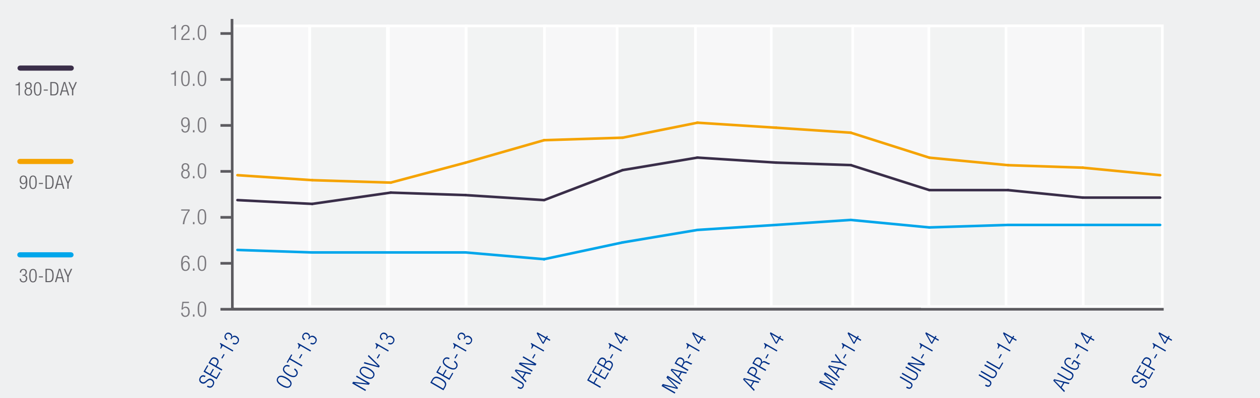
On a positive note, the ease in the pace of depreciation of the local currency coupled with expectations that the effects of the drought will normalise as replanting resumes, should mitigate the effects of higher electricity, commodity and transportation cost for the full year.

INTEREST RATES

Since cutting the 30-day interest rate on open market instruments in February 2013, the BOJ has maintained the benchmark rate at 5.75%. However, tight liquidity conditions at the beginning of our financial year resulted in a rise in Treasury Bill yields. The most significant movements were on the longer tenure notes which saw rates inching up to a 4 year high. Rates in the interbroker market also rose to double digits. However, liquidity pressures eased later in the year and yields retreated. The yield on the 180-day instrument ended at 8.00%, a 4 basis points increase over the year, while the 90-day T-Bill yield was 7.47% or 5 basis points higher than where it started. Meanwhile, 30-day rates rose gradually to 6.89%, up 57 basis points.

Following tightness in the JMD market, The BOJ continued to

T-BILL YIELDS INCREASED MARGINALLY MID-YEAR



respond to liquidity pressures. To this end, the volume limit on its Standing Liquidity Facility (available to banking institutions) was removed in an effort to provide funding to institutions at an interest rate consistent with its policy goals. Moderate JMD liquidity along with the continuation of the BOJ's monetary policy is likely to keep market rates relatively stable for the upcoming year.

EXCHANGE RATE

The Jamaican dollar experienced significant depreciation for most of the year. The weighted average selling rate for the USD stood at J$112.67 at September 30, 2014, which translates to an 8.8% decline in value of the JMD relative to its US dollar counterpart when compared to the prior year.

Though not as significant as in times past, the BOJ has had to intervene in the market to offset supply imbalances. However, this did not affect the Central Bank's ability to meet the monetary targets under the EFF. Net International Reserves (NIR) as at September 2014 was US$2,200.57 representing 19.52 weeks of imports million. The NIR received a boost from the US$800 million the Government raised on the international market in July 2014. The Government is expected to draw down on US$200 million of the Reserves later this year to fund bonds maturing in October 2014.

The depreciation in the currency was expected to reduce the current account deficit. The current account deficit has narrowed to 10.4% from 12.6% in the prior year and this has come mainly from a contraction in imports.

BOND MARKET

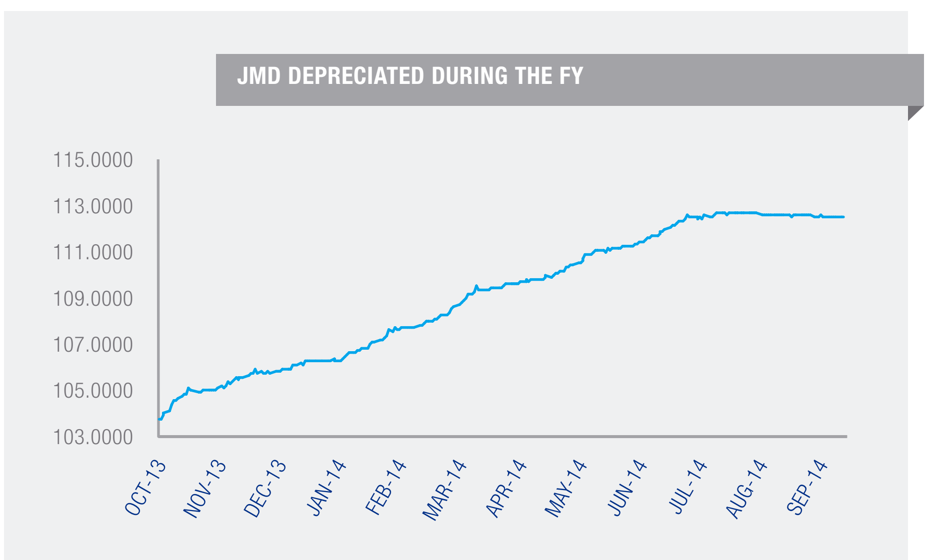
Positive economic developments along with Jamaica's successful completion of five quarterly reviews under the EFF and an improvement in the ratings outlook from S&P Ratings Services have led to a rally in GOJ Global Bond prices. With the exception of the 2022s, there were upward price movements along the curve. The most significant increases were seen in the mid to longer end of the curve with the 2025s, 2036s and 2039s moving by 14%, 13% and 20%, respectively.

In July 2014, the Government re-entered the international capital market and successfully raised US$800 million through the issuance of a 2025 global bond at 7.625% - the lowest coupon that Jamaica has ever paid for a long term international bond issue. This suggests that there is renewed confidence in Jamaica's fundamentals, especially from international investors.

While improved fundamentals and the ratings outlook have aided in the increase in Jamaican bond prices, low interest rates in advanced economies contributed to the rally in Emerging Market (EM) Bonds. That said, with yields on EM bonds at current lows and as investors become more cautious in anticipation of a gradual rise in interest rates in the future, the demand will be more focused on bonds from issuers with strong or improving fundamentals.

STOCK MARKET

Although there has been a boost to investor confidence resulting from the passing of successive IMF tests, as well as the fact that interest rates remain low, the stock market has ironically lagged the current developments. During the 2013-2014 financial year, the stock market remained subdued and posted even larger losses relative to our last financial year. The JSE main index declined by 14.1%, while the All Jamaica Composite Index moved down by 5.8% and the Jamaica Select Index by 8.5%. The Junior Market registered a 15.5% decline. The underperformance of the market was partially attributable to uncertainty regarding the strength of corporate earnings. With manufacturing and finance stocks comprising the majority of stocks listed on the equities market, negative developments in these sectors such as, quarterly real GDP contraction in the manufacturing sector, shrinking spreads in the financial sector and the reduction in the size of dividends paid



Our Operating Environment

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by some companies, caused investors to shy away from the market. Other factors such as tight J$ liquidity conditions and the depreciation of the local currency have been limiting factors to corporate performance and stock market activity. The continued depreciation of the local currency has made J$ investments, such as stocks, unattractive given the fall in relative value. As such, some investors sought haven in USD assets to hedge their currency risk, causing lower buying interest in local equities. As the lull in the market continued, a number of stocks listed on the Main Index were trading at 52 week lows at the end of the 2013/14 financial year.

There were only three Junior Market listings during the year which represented a decline over the five listings seen in the previous year. The slow-down in listings is partially attributable to the amendment to the tax incentive which took effect January 1, 2014. Based on the reform, companies listed on the Junior Market on or after January 1, 2014 are slated to benefit from relief of 100% of income tax payable in the first five years from the date of admission to the Junior Market. This differs from the original incentive where companies would benefit from 100% tax relief for the first five years of listing in addition to a 50% relief for another 5 years.

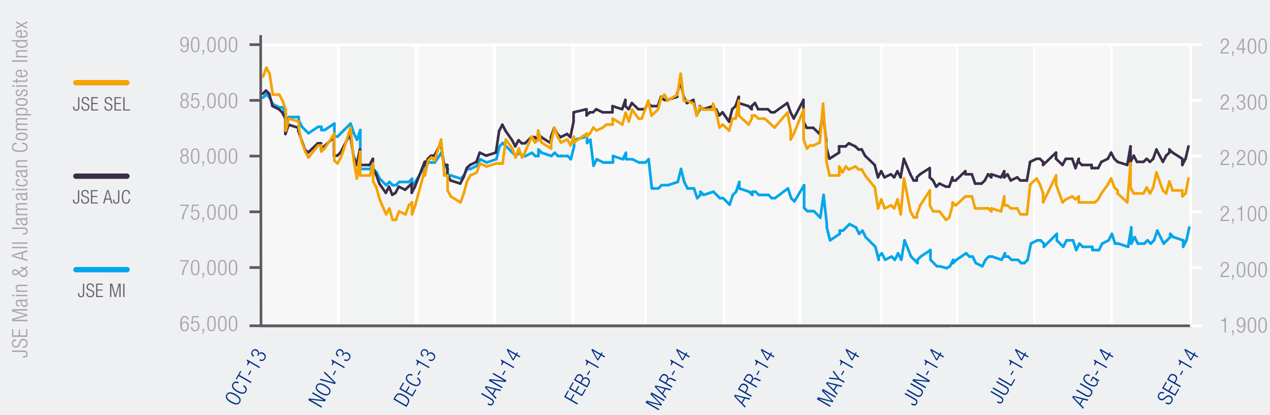
Despite a weak equities market there are good market opportunities as some stocks remained undervalued. Moreover if economic growth continues on the current trajectory there is scope for improvement in key sectoral earnings and performance. While a broad based rally is not expected, there are some stocks that should outperform. As investors move towards other investment assets to diversify their holdings, the market may have a long way to go before it sees a rebound.

OUTLOOK

Economic developments seen throughout the year suggest that conditions in the local economy are improving. According to S&P, the recent revision of the country's outlook to positive reflects at least a one-in-three possibility that the agency could raise the long-term ratings to 'B' in the next six to 18 months if Jamaica sustains the improvement in its external liquidity position, backed by continued GDP growth and greater fiscal credibility that arises from reaching budget targets. Adhering to ambitious fiscal and other policy commitments would gradually boost domestic confidence and encourage greater investment. That, along with more rapid job creation, could strengthen the economic and political pillars supporting Jamaica's long-term strategy to reduce its heavy debt burden and facilitate continued success in the EFF.

Fiscal prudence remains critical to the country's long term success over the next few years. To this extent, the Government will have to maintain an austere stance in order to meet the quantitative targets, while adhering to structural benchmarks. At the same time, there needs to be a balance between growth inducing measures and austerity as fiscal improvement through continued expenditure cuts is unsustainable. A number of countries in the region have employed more expansionary fiscal policies to drive growth, which have achieved positive results on the fiscal front as well.

LOCAL STOCK MARKET DECLINED DURING YEAR



Our Financial Performance

We have successfully navigated the adverse financial climate during the 2014 financial year and continue to focus on executing a number of initiatives designed to improve our prospects of growing in the future. Our financial performance in 2014 has been commendable in a year characterised by liquidity constraints. We have experienced growth in our asset base coupled with increased net profits and operating income. Over the last three years we have been focused on executing our 5 in 5 strategy (to become one of the top five financial services institutions in the English and Spanish speaking Caribbean, within five years) which required our seeking opportunities to allow us to deliver superior customer experience, while managing our costs. This has fostered the growth we have experienced in our business. For the year ended September 30, 2014 we recorded net profits of $11.6 billion an increase of $3.1 billion, or 36%, and our assets grew to $499 billion as at September 30, 2014. We had a return on average equity of 15.26%, a return on average total assets of 2.46% and a dividend yield of 6.58%.

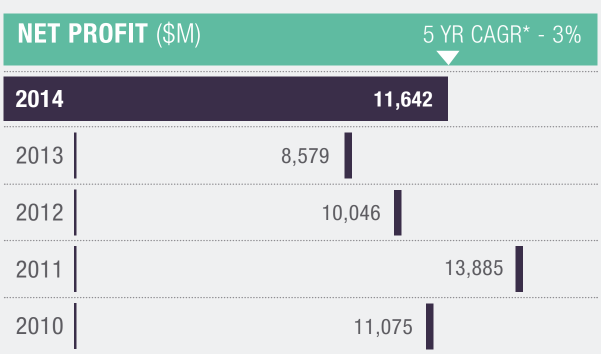
The increase in profitability was as a result of increased operating income from growth in our loan and securities portfolios, one-off gains from negative goodwill on acquisition of a subsidiary and gains from the disposal of an associated company.

Operating income (net interest income and non-interest income) totalled $43.3 billion for the financial year ended September 30, 2014; an increase of $5.3 billion, or 14%, over the financial year ended September 30, 2013. For the period, net interest income of $24.7 billion, grew by $1.1 billion, or 5%, over the prior financial year. This was as a result of growth in our loan and investment securities portfolios. Net interest income represented 57% of operating income for the 2014 financial year, which was a reduction from the prior year's 62%. Non-interest income of $18.6 billion grew by 29% or $4.2 billion over the 2013 financial year and now represents 43% of operating income. Our focus was on strengthening the core business which translated into growth in volumes of the core balance sheet items. This, coupled with the prudent management of our net interest margins, has led to improved operating income. Our diversified business model also contributed to the growth in non-interest income through increased net fee and commission income and insurance premium income.

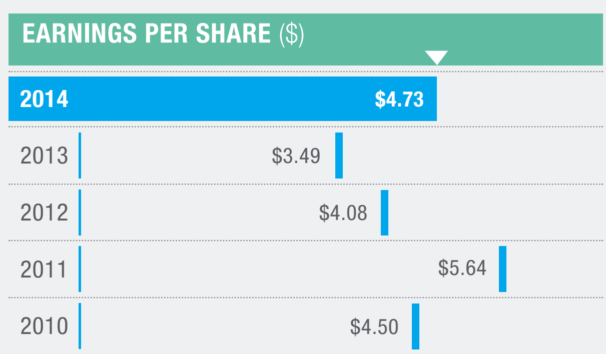
Operating expenses totalled $30.0 billion, a $2.2 billion, or 8%, increase over the 2013 financial year. We have been implementing LEAN principles to reduce costs; however, we had increased operating costs associated with our insurance segment (policyholders' and annuitants' benefits and reserves), asset tax, and repairs and maintenance. Our initiatives to improve efficiency, productivity and performance management will continue and we expect these initiatives to positively impact customer experience as well as operating expenses over time.

OUTLOOK

Our strategic plan continues to be the focus of our endeavours. Not only have we put customers as paramount but we ensure all our initiatives are geared towards becoming one of the top five financial services institutions in the English and Spanish speaking Caribbean. We will continue to grow our operating income organically and through strategic inorganic growth if opportunities arise. We will also continue our focus on efficiency which will translate to reduced operating costs as well as improved service offerings to our customers. Prudent risk management practices as well as careful management of spreads and liquidity will continue through the 2015 financial year. Our business initiatives will continue to focus on service quality and effectiveness,



** CAGR – Compounded annual growth rate*



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Our Financial Performance

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technological enhancements, lean operating principles, human resource development and organizational health. These initiatives will be core to our transformation agenda which will keep us concentrated on achieving our vision and strategic objectives.

We launched our 'Bank on the Go' self-service facilities which are aimed at improving customer experience and operational efficiency. This channel has 24-hour accessibility in some locations and offers customers a cost-effective and efficient medium through which to conduct business. Initiatives of this nature, which aid in reducing costs to the customers and improving service quality, will continue. In addition to delivering superior products and services, we also look to offer attractive, innovative solutions to meet customers' financial needs. Our investment in our human capital and our commitment to nation building through community, sports and youth development are ongoing and will continue.

Operating Segment Results

CONSUMER & SME

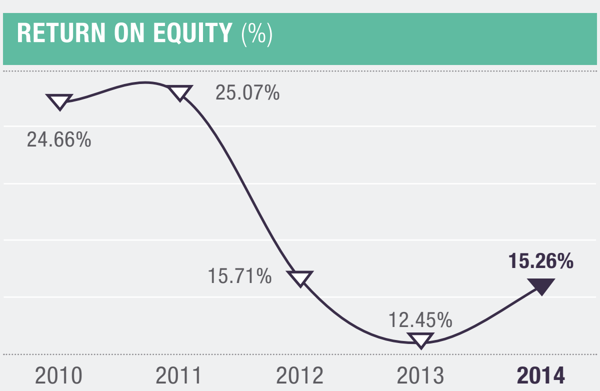
The Consumer and SME segment includes our Retail and SME Banking and Payment Services businesses. This incorporates the provision of banking services to individuals and small & medium (SME) business clients and card related services.

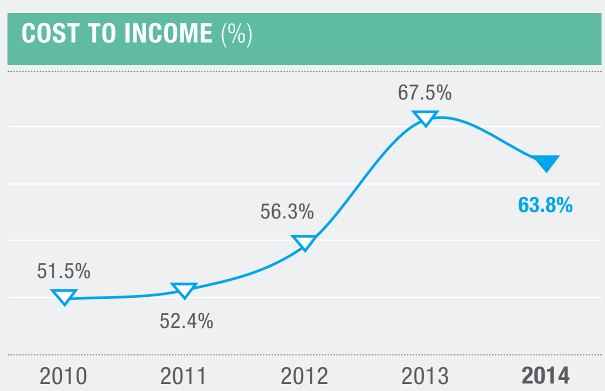
RETAIL & SME

We reported operating profit for the segment of $1.6 billion, an increase of 97%, or $772 million. The external revenue for this segment was $14.4 billion which grew by 5% or $644 million over the 2013 financial year. The growth in income was as a result of increased net interest income driven by growth in the loan portfolio. Net interest income for the segment grew by 3%, or $331 million, to $11.3 billion; interest income improved by 8%, or $941 million, while interest expenses grew by $611 million or 45%, due to increased rates paid on Jamaican dollar denominated deposits and growth in the funding portfolio. We experienced a 6% and 7% growth in the consumer loan and SME/business loan portfolios, respectively. The consumer portfolio represents 66% of the Retail & SME portfolio. The deposits portfolio for this segment grew by 21% over the previous financial year. Net fee and commission income declined by 4%, or $121 million, which was primarily driven by lower credit related fees due to lower loan volumes processed in the 2014 financial year compared to the 2013 financial year. Total operating expenses of $8.6 billion decreased by 6%, or $566 million, and this was primarily as a result of lower loan loss provisions.

PAYMENT SERVICES

Our Payment Services segment reported operating profit of $1.7 billion, a decrease of 18%, or $386 million. The external revenue of $8.5 billion grew by 18%, or $1.3 billion, over the 2013 financial year. The growth in revenue was primarily as a result of increased net fee and commission income. Net interest income for the segment grew by 6% or $117 million due to growth in the credit card receivables portfolio; interest income improved by 23%, or $611 million. Net fee and commission income increased by 18%, or $505 million, mainly due to increased volumes of transactions processed





and also an increase in new cards issued. Total operating expenses of $3.0 billion increased by $959 million or 48%. This increase in operating expenses was due to increased costs associated with the implementation of our strategic payment services initiatives, higher amounts paid for cash rebates and loyalty programme to customers, increased loan loss provisions, increased staff costs and increased depreciation costs associated with improvements and upgrades made to our payment services channels.

CORPORATE BANKING

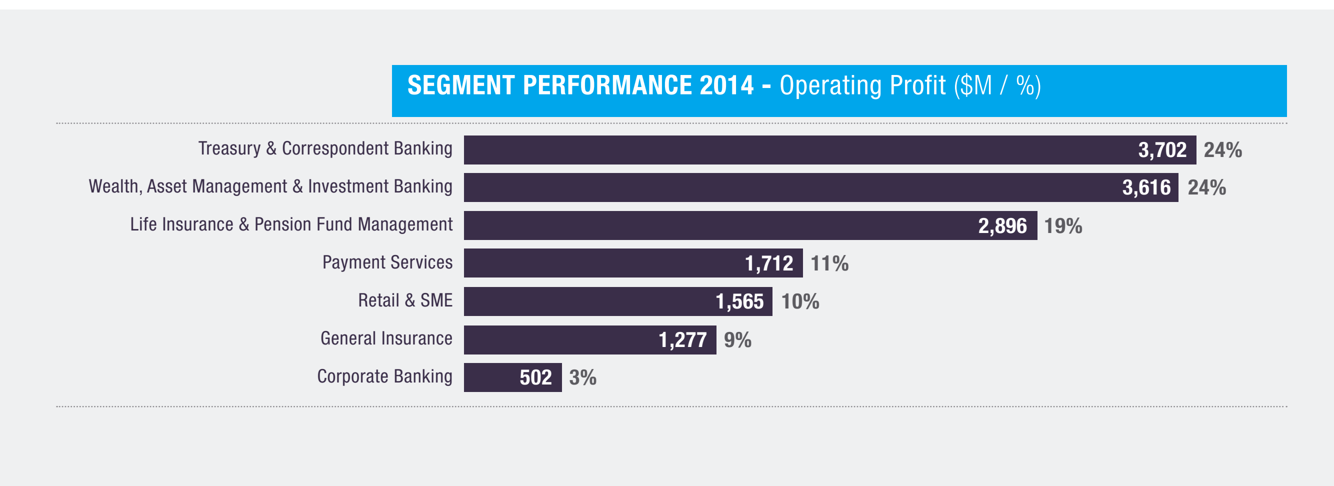
Our Corporate Banking segment, which offers banking services to large corporate clients, generated operating profits of $502 million, a decrease of 41% or $349 million from the prior financial year. This business segment experienced lower profitability primarily due to reduced operating income coupled with increased provisions for credit losses. External revenue of $4.7 billion increased by 16%, or $647 million, driven by increased loan income stemming from growth in the loan portfolio. Net interest income earned for the year was $1.5 billion, representing a decrease of $104 million or 6%. Interest income grew by $707 million or 20%, while interest expenses increased by $812 million or 41%. Total operating expenses of $1.1 billion increased by 29% or $253 million primarily as result of higher levels of loan loss provisions in the 2014 financial year.

TREASURY AND CORRESPONDENT BANKING

Our Treasury and Correspondent Banking segment incorporates the Bank's liquidity and investment management functions, management of correspondent bank relationships and relationships with other financial institutions as well as foreign currency dealing activities. This segment was the largest contributor to operating profit recording $3.7 billion, an increase of 97%, or $1.8 billion. In the 2013 financial year this segment had incurred losses of $1.3 billion on the Government of Jamaica debt exchanges which took place in February and March 2013. In the 2014 financial year, the segment saw external revenue of $8.5 billion, increased by 39%, or $2.4 billion. This increase was as a result of the normalising of gains on foreign currency and investment activities (after the losses on the debt exchanges incurred in the previous financial year) and increased net interest income. Net interest income increased by 14%, or $424 million, over the prior financial year; interest income grew by $1.9 billion or 23% due to growth in the investment securities portfolio, while interest expenses increased by $1.5 billion or 28%. Gains on foreign currency and investment activities grew by $1.4 billion. Total operating expenses were $967 million, an increase of $111 million or 13%, primarily due to increased asset tax due to an increase in the tax rate coupled with a higher asset base in the 2014 financial year.

WEALTH, ASSET MANAGEMENT AND INVESTMENT BANKING

Our Wealth, Asset Management and Investment Banking segment consists of stock brokerage services, securities trading, investment management and other financial services, including those provided by overseas subsidiaries in the Cayman Islands and Trinidad & Tobago. This segment recorded operating profits $3.6 billion, a decline of 7%, or $265 million, from the previous financial year. External revenue of $9.0 billion increased by 9%, or $732 million, mainly as a result of improved gains on foreign currency and investment activities. Net interest income declined by 7%, or $250 million, due



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to higher interest expenses. Gains on foreign currency and investment activities and net fee and commission income increased by $415 million (or 38%) and $100 million (or 87%), respectively. Total operating expenses of $1.6 billion represented growth of 43%, or $483 million, and this was as a result of an increase in impairment losses, staff costs and asset tax.

LIFE INSURANCE AND PENSION FUND MANAGEMENT

Our life insurance and pension fund management segment incorporates the results of the life insurance, pension, and investment management businesses of the Group. This segment achieved operating profits of $2.9 billion, an increase of $723 million or 33%, which was driven by improved operating income. External revenue of $6.1 billion representing an increase by 11%, or $616 million. Net interest income was $2.1 billion, having grown by $370 million or 22% due to increased investment

TABLE 3 // SEGMENT SELECTED FINANCIAL DATA [1]

	Consumer and SME					
	RETAIL & SME			PAYMENT SERVICES		
Year ended September 30,	2012	2013	**2014**	2012	2013	**2014**
SEGMENT'S CONTRIBUTION OF PERFORMANCE (%) {SEGMENT RESULT AS A PERCENTAGE OF CONSOLIDATED STATEMENT RESULT}						
Total revenue	33.7%	32.7%	**29.3%**	12.7%	14.7%	**14.8%**
Net interest income	46.1%	46.7%	**46.0%**	7.0%	8.3%	**8.4%**
Total operating income	38.4%	38.3%	**34.1%**	11.2%	12.5%	**12.4%**
Total operating expenses	33.0%	33.0%	**28.7%**	6.3%	7.2%	**9.8%**
Operating profit	12.9%	7.8%	**11.8%**	15.6%	20.6%	**12.9%**
Total assets	37.5%	33.9%	**31.9%**	2.5%	2.7%	**3.2%**
SELECTED SEGMENT PERFORMANCE INDICATORS (%)						
Cost to income ratio	83.0%	85.0%	**82.9%**	40.2%	42.0%	**52.1%**
Operating profit as a percentage of average assets	1.1%	1.0%	**1.0%**	23.0%	35.4%	**12.3%**
SELECTED SEGMENT FINANCIAL DATA						
(In Millions)						
Total revenue	14,985	16,000	**16,821**	5,655	7,206	**8,526**
Total operating income	13,283	14,556	**14,733**	3,877	4,758	**5,373**
Net interest income	10,043	11,010	**11,341**	1,523	1,953	**2,070**
Non-interest income	3,240	3,545	**3,392**	2,354	2,805	**3,302**
Total operating expenses	7,391	9,175	**8,610**	1,410	1,997	**2,957**
Staff costs	4,301	5,237	**5,226**	186	313	**397**
Operating profit	1,571	793	**1,565**	1,899	2,098	**1,712**
Segment assets	142,309	151,551	**159,277**	9,435	11,839	**16,082**
Segment liabilities	126,705	138,952	**148,462**	7,187	7,607	**10,897**

[1] Segment data do not give effect to the elimination of intersegment transactions..

income. Premium income increased by $376 million or 23%, due to growth in annuity premiums. Net fee and commission income grew by 12%, or $116 million. Total operating expenses were $2.4 billion, having increased marginally over the prior year by $21 million.

GENERAL INSURANCE

Our general insurance segment incorporates the results of general insurance, which includes property and casualty insurance. This business segment was created after the acquisition of AGIC in February 2013 and as such the results for 2013 included only seven and a half months of business activity. This segment achieved operating profits of $1.3 billion, which was $950 million higher than the reported operating profit for the 2013 financial year. External revenue earned was $6.1 billion. Net interest income was $712 million and premium income $5.2 billion. Total operating expenses were $4.9 billion which included $3.2 billion in policyholders' and annuitants' benefits and reserves.

Corporate Banking			Treasury & Correspondent Banking			Wealth Management			Life Insurance & Pension Fund Management			General Insurance	
2012	2013	**2014**	2012	2013	**2014**	2012	2013	**2014**	2012	2013	**2014**	2013[2]	**2014**
8.3%	8.4%	**8.4%**	21.3%	16.6%	**20.1%**	21.4%	18.7%	**17.5%**	13.1%	11.3%	**10.8%**	8.1%	**10.8%**
8.8%	6.8%	**6.1%**	12.6%	13.2%	**14.4%**	17.5%	15.6%	**13.9%**	7.7%	7.2%	**8.4%**	1.4%	**2.9%**
7.0%	5.6%	**4.6%**	13.4%	7.8%	**11.3%**	16.1%	13.2%	**12.1%**	13.9%	12.0%	**12.2%**	10.4%	**14.3%**
8.7%	3.2%	**3.8%**	3.4%	3.1%	**3.2%**	7.1%	4.1%	**5.4%**	10.8%	8.5%	**8.0%**	12.2%	**16.3%**
0.8%	8.3%	**3.8%**	29.6%	18.4%	**28.0%**	32.6%	38.1%	**27.3%**	19.6%	21.3%	**21.9%**	5.5%	**9.7%**
11.5%	13.2%	**13.1%**	32.6%	31.2%	**33.9%**	28.6%	28.5%	**26.5%**	8.9%	8.0%	**7.6%**	2.3%	**2.3%**
40.2%	56.7%	**54.8%**	22.3%	36.4%	**24.5%**	20.1%	20.9%	**27.1%**	50.2%	52.1%	**45.2%**	85.9%	**79.3%**
0.2%	2.9%	**0.8%**	2.9%	2.7%	**2.4%**	3.8%	6.1%	**2.8%**	7.3%	12.1%	**7.8%**	5.3%	**11.6%**
3,687	4,101	**4,796**	9,458	8,140	**11,558**	9,497	9,130	**10,053**	5,840	5,536	**6,226**	3,950	**6,174**
2,419	2,109	**1,989**	4,646	2,945	**4,900**	5,553	5,015	**5,233**	4,789	4,540	**5,283**	3,950	**6,174**
1,914	1,609	**1,505**	2,749	3,119	**3,543**	3,805	3,675	**3,425**	1,679	1,690	**2,060**	318	**712**
505	500	**484**	1,898	-174	**1,358**	1,748	1,340	**1,809**	3,111	2,850	**3,223**	3,632	**5,461**
1,948	880	**1,133**	763	856	**967**	1,585	1,134	**1,617**	2,405	2,366	**2,387**	3,393	**4,896**
199	246	**208**	141	129	**135**	512	429	**567**	517	482	**516**	453	**788**
95	850	**502**	3,611	1,874	**3,702**	3,968	3,881	**3,616**	2,384	2,173	**2,896**	557	**1,277**
43,742	58,753	**65,364**	123,727	139,239	**169,366**	108,561	127,198	**132,483**	33,848	35,865	**38,000**	10,420	**11,641**
35,069	45,753	**57,321**	111,825	127,611	**149,071**	92,833	110,512	**112,419**	25,401	26,690	**27,132**	7,432	**7,763**

[2] The General Insurance results for 2013 does not represent a full year; Advantage General Insurance Company was acquired in February 2013 and as such seven and a half months of business activity were included in the consolidated results of the Group for 2013 financial year.

Our Financial Performance

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Operating Income

Operating income is composed mainly of net interest income, net fees & commissions, gains on foreign currency and investment activities, insurance premium income and dividends. Total operating income totalled $43.3 billion which grew by 14% or $5.3 billion over the financial year ended September 30, 2013. Gross income, which consists of operating income excluding interest and fee and commission expenses, was $57.4 billion, an increase of $8.5 billion or 17%.

Net interest income continued to be the largest contributor to operating income, accounting for 57% of operating income, down from 62% in the 2013 financial year. Net fee and commission income accounted for 20% of operating income and premium income accounted for 16% of operating income. These three income items accounted for the majority of the revenue earned by the Group.

Net Interest Income

The Group's net interest income totalled $24.7 billion for the 2014 financial year, an increase of $1.1 billion, or 5%, over the 2013 financial year.

- Interest income from loans grew by $2.4 billion, or 14%. This increase was due to the 12% growth in our loan portfolio, when compared to the prior year. Our Retail and SME loan portfolio accounted for 53% of the loan growth over the prior year; this segment now accounts for 52% of the total loan portfolio. Our Corporate Banking and Payment Services segments accounted for 36% and 10% of the portfolio growth, respectively. There was a 50 basis points reduction in loan yields; however, the increased income from the volume growth outweighed the negative impact of the reduction in rates.
- Interest income from investment securities grew by $1.7 billion, or 11%. The growth in our interest earning investment portfolio accounted for the increase in income. The 2014 financial year continued to be characterised by an overall reduction in average yields on investments during the twelve month period, which partially offset the positive volume growth from the increases in the portfolio.
- Our interest expense costs grew by $3.0 billion, or 32%, which was due to an increase in funding balances, primarily repurchase agreement, deposit and securitisation arrangement balances. We also had an increase in the average costs paid on interest-bearing liabilities. During the year, we incurred higher average funding costs due to Jamaican dollar denominated liquidity pressures.

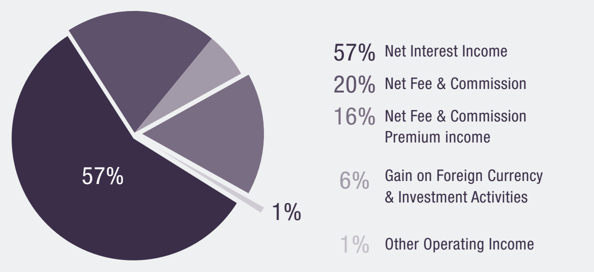
Our operating environment is constantly evolving, however we aim to effectively manage our net interest margins through portfolio re-assessment and rebalancing as is required. As spreads shrink in the current economic environment, we will continue to focus on growing the volumes in our core business lines while managing the cost and mix of funding.

Non-Interest Income

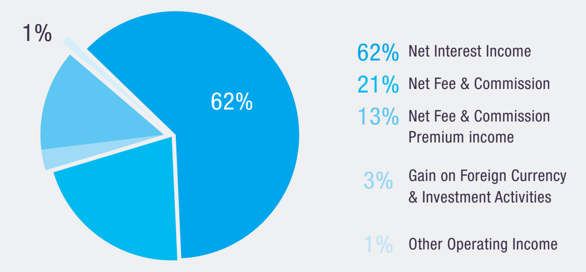
Our non-interest income was $18.6 billion having grown by $4.2 billion, or 29%, over the 2013 financial year primarily due to the following:

- Premium income amounted to $7.0 billion, having increased by $2.0 billion, or 40%, mainly due to the inclusion of a full 12 months of general insurance premiums of $5.2 billion from the consolidation of AGIC (only seven and a half months were included in the prior year due to the mid-period acquisition of that entity). Life insurance and annuity premiums increased by $376 million which was mainly driven by the annuity contracts written during the year.
- Gains on foreign currency and investment activities increased by $1.6 billion or 152%. The improved performance was due to losses incurred from the debt exchange transactions in the 2013 financial year. We experienced growth in gains from equity securities and gains from the valuation of an embedded put option on bonds held; this was partially offset by lower net foreign exchange gains.
- Net fee and commission income grew by $662 million or 8%. Our Payment Services unit was the main contributor to this growth through increased point-of-sale (POS) and E-commerce

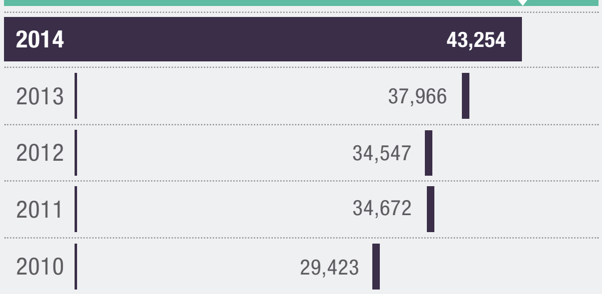
Income Mix FY 2014 (%)



Income Mix FY 2013 (%)



OPERATING INCOME ($M) 5 YR CAGR - 10%



NET INTEREST INCOME ($'M) 5 YR CAGR - 5%

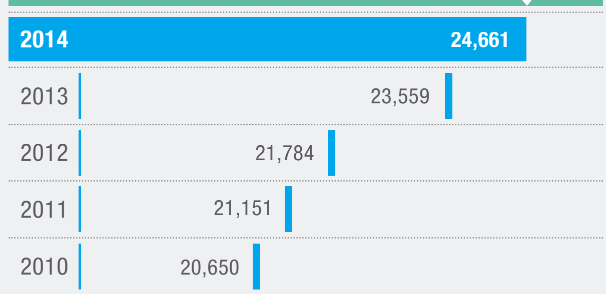


TABLE 4 // NON-INTEREST INCOME	2014 $'M	% of Total %	2013 $'M	% of Total %
Net fee and commission	8,667	46.61%	8,005	55.56%
Premium income	6,998	37.64%	5,003	34.73%
Gain on foreign currency and investment activities	2,593	13.94%	1,028	7.14%
Other operating income	175	0.94%	142	0.98%
Dividend income	161	0.86%	229	1.59%
Total	**18,593**	**100.00%**	**14,407**	**100.00%**

TABLE 5 // FEE AND COMMISSION INCOME	2014 $'M	% of Total %	2013 $'M	% of Total %
Payment services	5,163	48.72%	4,511	46.36%
Retail and SME	3,294	31.08%	3,347	34.40%
Life insurance & pension fund management	1,064	10.04%	916	9.42%
Corporate banking	445	4.20%	467	4.80%
Wealth, asset management & investment banking	213	2.01%	115	1.18%
Treasury & correspondent banking	202	1.91%	195	2.00%
General insurance	158	1.49%	99	1.02%
Other	58	0.55%	80	0.82%
Total	**10,597**	**100.00%**	**9,730**	**100.00%**

Our Financial Performance

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commissions and credit card related fees which were volume and transaction driven. We also experienced an 11% increase in branch and customer driven transaction fees.

Net fees and commissions continued to be the largest contributor to non-interest income and accounted for 46% of the total, down from 56% in the 2013 financial year. Premium income is next largest contributor to non-interest income contributing 38%, up from 35% in the 2013 financial year.

Operating Expenses

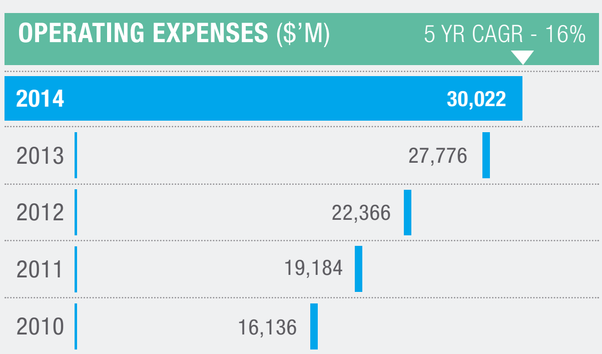
Operating expenses for the 2014 financial year totalled $30.0 billion, an increase of 8%, or $2.2 billion over the previous financial year.

- Staff costs increased by $297 million, or 3%, mainly due to increases in salary and allowances and benefits for staff. A lower staff complement and fewer staff incentive programmes in the current financial year helped to counter the full impact of the increase in the rate of staff compensation.
- Provisions for credit losses grew by 8%, or $161 million, due to increased provisioning in our Corporate Banking and Payments Services business segments.
- Impairment losses on securities increased by $113 million or 130%; two subsidiaries of the Bank made additional provisions for investments held which were deemed impaired.
- Policyholders' and annuitants' benefits and reserves grew by $585 million or 15% over the 2013 financial year. This included

TABLE 4 // EXPENSE BY TYPE	2014	% of Total	2013	% of Total
	$'M	%	$'M	%
Property, vehicle and ABM maintenance and utilities	2,246	21.55%	1,955	20.87%
Irrecoverable general consumption tax and asset tax	2,126	20.39%	1,184	12.64%
Technical, consultancy and professional fees	973	9.34%	1,093	11.66%
Marketing, customer care, advertising and donations	938	9.00%	666	7.10%
Travelling, courier and telecommunication	860	8.25%	783	8.35%
License and transaction processing fees	788	7.55%	707	7.54%
Other	726	6.96%	540	5.77%
Credit card rebates	582	5.58%	408	4.35%
Insurance premiums and commissions	517	4.96%	599	6.39%
Receivership expenses	178	1.71%	281	3.00%
Operating lease rentals	178	1.71%	151	1.61%
Stationery	160	1.53%	171	1.83%
Premium tax on life insurance contracts	84	0.81%	100	1.07%
Auditors' remuneration	69	0.66%	55	0.58%
Costs relating to Initial Public Offering	-	0.00%	680	7.25%
Total	**10,426**	**100.00%**	**9,372**	**100.00%**

general insurance benefits and reserves expenses incurred by AGIC which grew by $518 million or 20% and policyholders' and annuitants' benefits and reserves incurred by NCBIC which declined by $163 million or 12%. The 2013 financial year included the elimination of $230 million in expenses at the consolidated financial statements level which were related to pre-acquisition activities for AGIC; this did not recur in the 2014 financial year.

- Other operating expenses increased by $1.1 billion or 11% and the major variances were:
  - Irrecoverable general consumption tax and asset tax expenses grew by 80% or $942 million. Asset tax accounted for most of this increase, up by $715 million or 137%, due to an increase in the tax rate from 0.14% to 0.25% coupled with growth in our asset base.
  - Property, vehicle and ABM maintenance and utilities costs increased by $292 million or 15% over the prior year. We continue to assess our physical locations to find cost effective ways to manage our infrastructure. Additionally, with the growth in our ABM network, there were additional maintenance costs.
  - Marketing, advertising and donations grew by 46% or $224 million.
  - Credit card rebates paid to customers increased by 43% or $174 million.



Our Financial Performance

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Asset Performance

TOTAL ASSETS

Total assets grew by $52.8 billion or 12% over the September 30, 2013 level, to end the financial year at $499.3 billion. The growth in the asset base was mainly in our core business portfolios, net loans and advances and investment securities. This was funded primarily by deposits, obligations under repurchase agreements, obligations under securitisation arrangements and other borrowed funds.

Our focus on sales and service effectiveness, improving customer experience and implementing innovative, efficient channels to offer our products and services continued to strengthen our various business segments. During the year we continued to see strong growth and expansion of our business portfolios. The economic environment continues to pose various challenges, but we remain agile and proactive in responding to the ever-changing environment. In achievement of our strategic goals we accept that balance sheet growth is critical to increased revenue generation and stability and will assist in future growth and sustainability. In achieving increased shareholder value we will continue to employ our current strategies as well as implement new initiatives as opportunities arise to ensure we maximise asset utilisation in maintaining a profitable business.

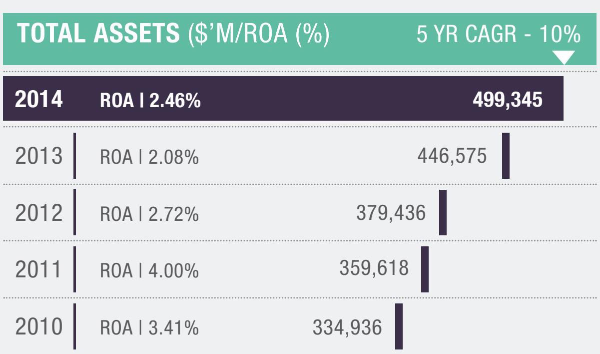
Our return on average total assets was 2.46% representing a rebound from 2.08% in the previous financial year. As we implement a number of our strategic initiatives, we expect further improvements in the ratio.

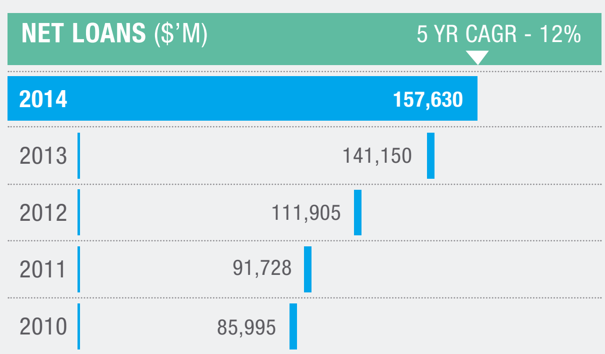
Cash in Hand and Balances at the Central Banks

This consists primarily of cash reserves and operating balances. These balances stood at $29.8 billion as at September 30, 2014, an increase of 22%, or $5.4 billion. This growth was due in part to statutory reserves increasing by $2.4 billion or 12%, as a result of the growth in our deposits. There was also growth in overnight placements and regular operating balances which were $2.6 billion higher than the balances held at September 30, 2013.

Investment Securities and Reverse Repurchase Agreements

Our investment securities portfolio comprises debt (Government of Jamaica, foreign governments and corporate bonds) and equity securities (quoted and unquoted) carried at fair value (through profit or loss and classified as available-for-sale through equity) and amortised cost. For the purpose of this analysis debt securities which were pledged at September 30, 2014 were included in this balance. This asset group continues to be the largest asset balance in the statement of financial position, accounting for 53% of total assets. Our investment securities portfolio grew by $29.7 billion or 13% over the prior year. Our reverse repurchase agreement portfolio was $1.6 billion at September 30, 2014, an increase of $1.3 billion or 394%. Our investment securities and reverse repurchase agreement portfolios





are the main interest-bearing assets that give rise to interest income from securities. [Details of the portfolio can be found in notes 20, 21, 23 and 24 of the financial statements].

Net Loans

Our loans and advances, net of provisions for credit losses, was $157.6 billion at September 2014, an increase of $16.5 billion, or 12%. Our Corporate Banking portfolio grew by $8.0 billion or 10%, our Retail and SME portfolio increased by 7% or $5.1 billion, and our credit card receivables portfolio grew by 20% or $2.1 billion. The Retail and SME segment accounted for 52% of the total loan portfolio at September 2014 and 66% of this portfolio comprised consumer loans at September 2014, with the SME portfolio closing the year at 34% of this segment's portfolio balance.

The non-performing loan portfolio increased by 25% or $1.7 billion from $7.0 billion at September 2013 to $8.7 billion at September 2014. The provision coverage stood at 118.3% at September 30, 2014 (September 2013 – 120.1%). The difference between the statutory provision for credit losses and the International Financial Reporting Standards (IFRS) provision is credited to a non-distributable reserve – Loan Loss Reserve. The balance in the Loan Loss Reserve was $5.4 billion as at September 2014. The Bank's provisioning policy is in compliance with Bank of Jamaica requirements.

We continue to actively monitor our loan portfolio and ensure our delinquency and risk management processes remain robust and proactive and we will continue to make the necessary adjustments to our portfolio monitoring as our environment changes. Our specific loan provisions to non-performing loans ratio was 100.7% at September 2014 (September 2013 – 100.8%), which indicates that we have adequately provided for classified loans. Our non-performing loans to gross loans ratio was 5.4% at September 2014, while non-performing loans to total assets ratio was 1.7% (September 2013 - non-performing loans to gross loans ratio – 4.8% and non-performing loans to total assets ratio – 1.6%).

We continue to improve on our debt collection processes and have been proactively working with our customers on managing and consolidating debt. We continue to actively assess the credit risk profile of the portfolio and will remain relentless in reducing our non-performing loan portfolio.

TABLE 7 // INVESTMENT SECURITIES [1]	2014 $'M	2013 $'M
Investment securities at fair value through profit or loss	523	381
Investment securities classified as available-for-sale at fair value	216,687	187,728
Investment securities classified as loans and receivables at amortised cost	43,100	42,616
Interest receivable	3,860	3,713
Total	**264,171**	**234,437**

[1] $158.1 billion in investment securities was pledged as collateral in the normal course of conducting business for the Group.

TABLE 8 // LOAN PORTFOLIO DETAILS	2014 $'M	% of Total %	2013 $'M	% of Total %
Retail and SME	82,208	52.15%	76,747	54.38%
Corporate	62,110	39.40%	53,380	37.82%
Credit Cards	12,511	7.94%	10,274	7.28%
Other	801	0.51%	750	0.53%
Total	**157,630**	**100.00%**	**141,150**	**100.00%**

Our Financial Performance

Cont'd

Funding Performance

Our funding portfolio consists of short and long-term borrowing arrangements under the following funding lines: deposits, obligations under repurchase agreements, obligations under securitisation arrangements, amounts due to other banks, other borrowed funds and liabilities under annuity and insurance contracts. At September 30, 2014, our funding portfolio was $403.3 billion which increased by $41.2 billion or 11% over the balances at September 2013.

Customer Deposits

Our customer deposits portfolio at September 2014 was $202.2 billion. We are proud to be the first commercial bank in Jamaica to achieve customer deposits over $200 billion. This achievement represented growth of 13% or $23.8 billion in deposits over the prior year. We had growth in all our deposit products, with the most significant being in our fixed deposits and savings accounts portfolios, increasing by $10.1 billion or 22% and $9.7 billion or 12%, respectively. Our savings account portfolio continues to be the largest type of customer account balances held. We experienced 27% and 21% growth in our Corporate Banking deposit and our Retail and SME deposit portfolios, respectively. The Retail and SME segment accounted for 69% of the total customer deposits portfolio.

Repurchase Agreements

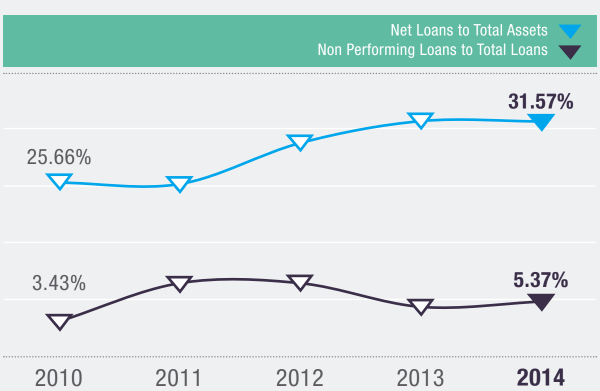
Repurchase Agreements held were $134.7 billion, growing by $17.3 billion, or 15%, over the prior year, mainly due to increased balances held by NCBCM and short-term funding accessed by other members of the Group. This continues to be second largest funding source for the Group. In the upcoming financial year it is expected that there will be a shift from the repurchase agreement product to our newly launched JMD and USD unit trust products. At September 30, 2014 our unit trust portfolio, which was launched during the financial year, was $8.7 billion.

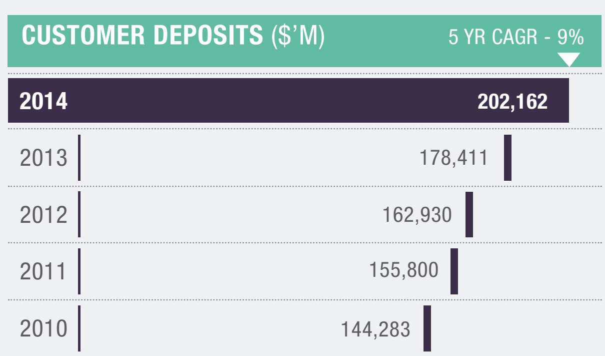
Liabilities under Annuity and Insurance Contracts

Liabilities under annuity and insurance contracts were $34.2 billion, having increased by $316 million, or 1%. Liabilities under general insurance contracts stood at $7.6 billion at September 2014. Liabilities under life insurance and annuity contracts were $26.7 billion at September 2014.

Obligations under Securitisation Arrangements

Obligations under securitisation arrangements at September 2014 were $13.9 billion, an increase of $3.8 billion or 37% over the prior year. At the end of May 2013 a new diversified payments rights Series 2013-1 facility of US$100 million was negotiated, which will mature on March 15, 2018. An additional US$25 million was negotiated in February 2014.





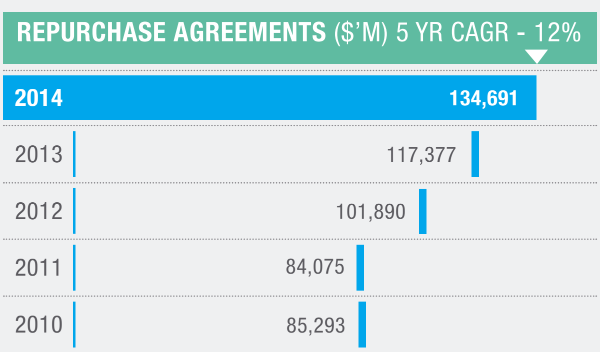
Other Funding

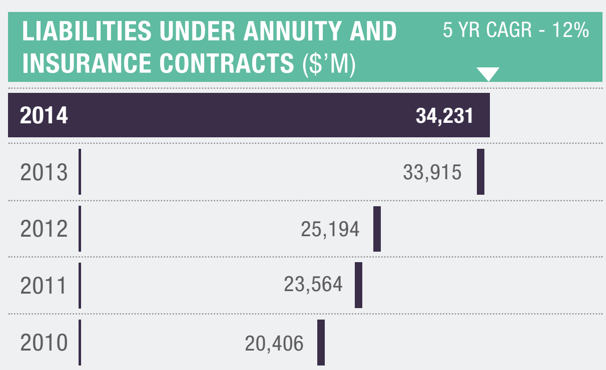
Other funding totalled $18.3 billion, which consists of (1) due to other banks and (2) other borrowed funds. Other borrowed funds increased by $7.1 billion, or 145%, over September 2013, primarily due to increases under an International Finance Corporation trade finance line, a Development of Jamaica on-lending facility, and corporate and structured notes held by a subsidiary of the Bank. Amounts due to other banks decreased by $11.1 billion, or 64%, primarily due to a reduction in short term borrowings from other financial institutions. Notes 31 and 33 to the Financial Statements provide further details on the nature of these contracts.

Consolidated Equity

The Group's Equity grew to $80.6 billion, which represented an increase of $8.6 billion, or 12%, over the prior year. The return on average equity for the Group increased from 12.4% at September 2013 to 15.3% in September 2014, which was mainly due to the improved performance and increased profitability in this financial year.

TABLE 9 // CUSTOMER DEPOSITS DETAILS	2014	% of Total	2013	% of Total
	$'M	%	$'M	%
Non-interest bearing current accounts	35,650	17.63%	34,801	19.51%
Interest bearing current accounts	18,189	9.00%	15,041	8.43%
Savings accounts	92,472	45.74%	82,791	46.40%
Time deposits	55,852	27.63%	45,778	25.66%
Total	**202,162**	**100.00%**	**178,411**	**100.00%**





Our Financial Performance

Cont'd

Capital

The statutory capital base (share capital, retained earnings reserve and banking reserve) for the Bank (on a stand-alone basis) was $32.4 billion at September 30, 2014, an increase of $1.4 billion or 4% over the previous financial year. This increase was as a result of transfers from retained earnings to the retained earnings reserve. These reserves are required to meet the statutory capital to risk-weighted assets ratios. Our banking reserve fund is in accordance with the Banking Act 1992, and currently exceeds the paid-up capital of the Bank.

Dividends & Shareholders' Return

The dividend payout ratio (dividends per share divided by earnings per share) for the financial year was 24.9% compared to 31.9% at September 2013. The dividend yield (dividends paid as a percentage of share price) for the 2014 financial year was 6.6% compared to 5.8% for 2013.

The dividends paid for the 2014 financial year were $1.18 per share or $2.9 billion, compared to $1.11 per share or $2.7 billion for the 2013 financial year.

The share price on the Jamaica Stock Exchange as at September 30, 2014 was J$17.94 per share (September 30, 2013 – J$19.00) which has resulted in a price earnings ratio (current share price as a percentage of per share earnings) of 3.79

REGULATORY CAPITAL RATIOS
// AS AT SEPTEMBER 30, 2014

National Commercial Bank Jamaica Limited Regulated by the **Bank of Jamaica**	
Regulatory Capital to Risk Weighted Assets	12.9%
Regulatory Requirement*	12.5%

NCB Capital Markets Limited Regulated by the **Financial Services Commission**	
Regulatory Capital to Risk Weighted Assets	28.6%
Regulatory Requirement	10%

NCB Insurance Company Limited Regulated by the **Financial Services Commission**	
Solvency Ratio	42.9%
Regulatory Requirement	10%

Advantage General Insurance Company Limited Regulated by the **Financial Services Commission**	
Minimum Capital Test	330.5%
Regulatory Requirement	250%

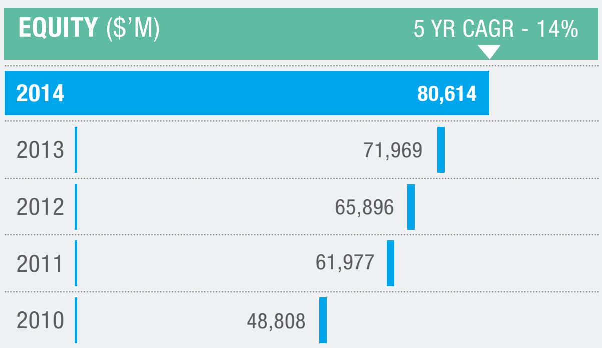
* Bank of Jamaica regulations require banks to maintain a risk-weighted capital adequacy ratio of 10%. However, the Bank of Jamaica requires us to maintain a risk-weighted capital adequacy ratio of 12.5% due to, among other factors, our status as a systemically important financial institution (SIFI) in Jamaica.

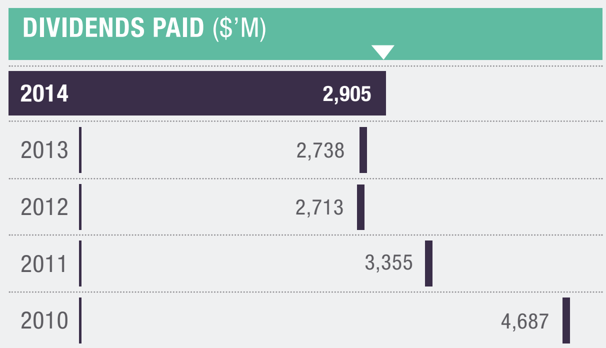
(September 2013 – 5.46). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2014 was TT$1.00 per share (September 30, 2013 – TT$1.13).

Our total shareholder return[1] which combines share price appreciation and dividends paid to show the total amount returned to the investor was 0.6% for the financial year.

At the close of business on September 30, 2014, the JSE All Jamaican Composite Index stood at 72,238.36, a 15% decline from the prior year.

[1]Total shareholder return represents the annual total return earned on an investment in NCBJ shares. The return is calculated as the change in share price (growth in share price at the end of the year compared to the share price at the beginning of the year) and assumes that dividends received are reinvested in NCBJ shares (share appreciation plus dividends).





NCBJ TOTAL SHAREHOLDER RETURN

For The Year Ended September 30	2010	2011	2012	2013	2014	Three Year CAGR (1) (%)	Five Year CAGR (1) (%)
Closing Price of Shares ($ per share)	17.51	27.29	21.90	19.00	17.94	(13%)	7%
Dividend Paid ($ per share)	1.90	1.36	1.10	1.11	1.18	(5%)	6%
						Three Year Shareholder Return	**Five Year Shareholder Return**
NCBJ Shareholder Return (%)	49%	64%	(16%)	(8%)	1%	(22%)	89%
JSE Index Annual Movement (%)	5%	10%	(5%)	(3%)	(15%)		

(1) Compound Annual Growth Rate expressed as a percentage

Risk Management

As Jamaica pursued the four-year Extended Fund Facility IMF programme, there were significant macroeconomic challenges.

THE RISK CONTEXT

Jamaica continues to experience significant macroeconomic challenges.The Group's focus remained steadfast on its growth and transformation strategies within the context of a risk management philosophy which espouses effectively managing the risk/return relationship to increase shareholder value.

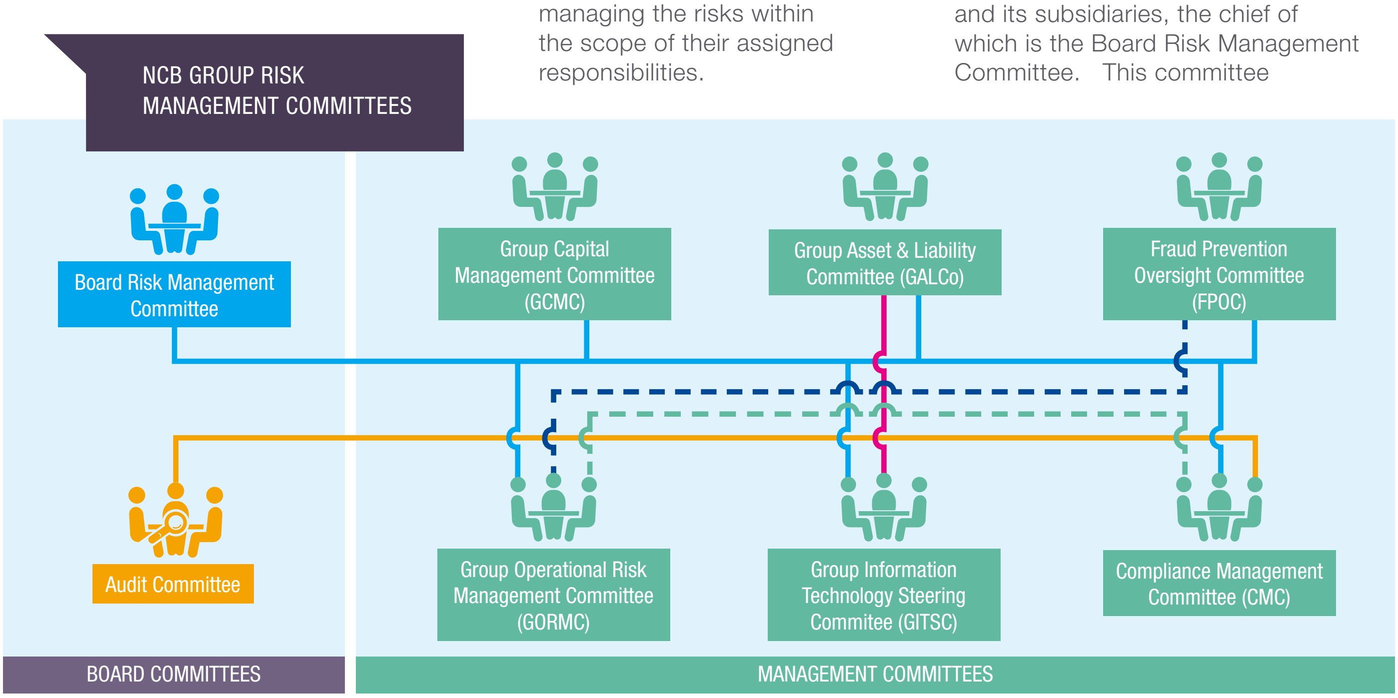
Credit risk, market risk and liquidity risk continued to be the subject of close oversight during the financial year. Operational risk also took centre stage as the Group's transformation strategy calls for increased usage of electronic channels by our customers and places significant emphasis on business automation.

MANAGING RISK

Risk is unavoidable in the business of providing financial services. The Group takes an enterprise wide approach to risk management which is intended to ensure that the significant risks undertaken by the Group in executing its strategic initiatives are adequately identified and managed. The effectiveness of the Group's risk management framework is driven by the following organisational and governance principles:

- The business lines are the first line of defense for managing risks inherent in our business areas, with all employees accountable for identifying, assessing and managing the risks within the scope of their assigned responsibilities.
- Independent risk and compliance functions act as the second line of defense and the independent internal audit function is the third line of defense.
- Our risk governance framework provides a comprehensive set of controls and ongoing management of the major risks assumed in the Group's business activities.

The Group's organisation structure and governance framework are critical to guiding the risk management process. While the Board of National Commercial Bank Jamaica Limited (NCBJ) has ultimate responsibility for the oversight of the Group's risks, it delegates some responsibility to a number of committees of the Bank and its subsidiaries, the chief of which is the Board Risk Management Committee. This committee



provides oversight of the Group's risk management framework including risk appetite, the effectiveness of the risk systems, the review of risk policies and major risk procedures and the monitoring of compliance with risk limits and benchmarks. The committee met four times for the 2014 financial year.

The other Group committees which support the Board of Directors and the Board Risk Management Committee are the following - the Group Asset and Liability Committee, the Group Operational Risk Management Committee, the Group Capital Management Committee, the Fraud Prevention and Management Oversight Committee, the Group Information Technology Steering Committee and the Compliance Management Committee. At the company level, each major subsidiary has its own committee responsible for risk management.

The Group employs a committee structure to oversee enterprise risk as shown in the diagram on page 67.

SIGNIFICANT RISKS

The NCB Group is exposed to a number of risks, which may materially impact our financial results, reputation and the long-term sustainability of our business model.

Credit Risk

Credit risk is the risk that a borrower will default on promised payments (e.g., principal, interest, margin, etc.) or that a trading partner will fail to fulfil its obligations on a transaction or portfolio of transactions, and the Group must terminate the trade or replace the counterparty at a loss. Credit risk arises primarily from the extension of loans, trade finance, leasing activities, reverse repurchase arrangements and off balance sheet transactions such as guarantees to a variety of customers (from large corporate and institutional clients to individual consumers). Credit risk attracts the largest regulatory capital requirement.

The Group's Credit Risk Policy provides a set of guiding principles and control framework which is intended to identify, assess, measure and monitor the Group's credit risk exposures. Given the size of the Group's exposure to credit risk, the Board Risk Management Committee reviewed the following significant credit risk issues during this financial year:

- The Government of Jamaica's quarterly performance under the four year Extended Fund facility in addition to the country's projected debt sustainability trends derived from our internally developed model.
- Key loan portfolio metrics and emerging trends.
- Actions being pursued/to be pursued to mitigate any negative trends which would impact on the Group's credit risk exposure.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. These obligations include the requirement to

a) meet liabilities to depositors and suppliers when they fall due and

b) take advantage of profitable opportunities when they arise.

The Group is also exposed to market liquidity risk, which is the risk of being unable to unwind a position in the face of inadequate market activities or unavailable market prices.

Liquidity is governed by the Group's Enterprise Risk Management Policy. One of the principal liquidity strategies pursued by the Group is the maintenance of diverse and stable sources of funding. Accordingly, the Group's liquidity funding providers include a diversified retail and corporate customer base, repurchase agreements and long term secured funding sources.

The Bank of Jamaica continued to pursue an aggressive monetary policy during the financial year while providing some liquidity support to the financial sector in the latter part of the year. The Board Risk Management Committee closely monitored the Group's liquidity risk positions and reviewed information discussed at the Group Asset & Liability Committee, with respect to the following key liquidity risk matters:

- Factors affecting liquidity in the domestic market;
- Key liquidity ratios, their trends and comparisons with established limits and benchmarks;
- Liquidity scenarios and strategies to manage the various scenarios

Market Risk

Market risk is the potential for loss arising from movements in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads. Our market risk management infrastructure incorporates the following activities:

- Maintenance of a comprehensive market risk policy framework;
- Independent measurement, monitoring and control of the market risk exposures associated with each business line's portfolios;

Risk Management

Cont'd

- Definition, approval and monitoring of limits; and
- Performance of stress testing and qualitative risk assessments

The market variable which attracted the greatest focus from the Board Risk Management Committee was that of the foreign exchange risk exposure across the Group given the accelerated pace of depreciation of the Jamaican Dollar (measured against the benchmark US Dollar) during the Group's financial year. The Committee received reports and examined the foreign exchange positions of the companies in the Group, carried out comparisons with established limits and examined scenarios with respect to the potential impact to the Income Statement as a result of projected movements in the exchange rate.

Operational Risk

Operational risk is inherent in each of the Group's businesses and support activities and includes the risk of fraud by employees or others, unauthorised transactions by employees, and operational or human error. Due to high volumes of transactions processing, we are also subject to risks of errors which may go unnoticed over an extended time despite our best efforts at efficiency and accuracy. Deficiencies or failures in our computerised systems, telecommunication systems, data processing systems, vendor-supplied systems and in our internal processes could result in financial loss and/or reputational damage. Despite our contingency procedures, these challenges, in addition to business disruptions occasioned by natural disasters or other factors, may still negatively impact our ability to conduct our business, thereby resulting in damage to the Group's business and brand.

The Group Operational Risk Management Committee (GORMC) is the management committee with responsibility for the provision of oversight and guidance of the Group's Operational risk. The Committee met three times for the year. Areas which received attention and were reported on to the Board Risk Management Committee included:

- Risk assessment findings for
  - Business initiatives that introduced new processes or changed existing processes; and
  - Business units defined is high risk in accordance with our operational risk framework;
- Operational loss data and trends during the period; and
- Business continuity planning.

Insurance Risk

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay claims of a magnitude that could materially impact the financial results.

Bancassurance

We operate an integrated bancassurance model which provides wealth and protection insurance products. As a general guideline, we define significant insurance risk as the possibility of having to pay benefits on occurrence of insured events that are at least 10% more than the benefits payable if the insured event did not occur.

General Insurance

We also operate a general insurance subsidiary which underwrites the following general insurance types – motor, property, pecuniary loss, liability and accident. The following are the principal risks associated with that business:

Pricing risk:

- Inadequate pricing of the insurance business which could result in claims payments exceeding premium income; and
- Over pricing of the business which could diminish the company's competitiveness, thereby destroying value.

Reserving risk:

- Inappropriate reserving allows for the following possibilities:
  - The over-adequacy of the reserving level, which negatively impacts the company's strength or
  - The in-adequacy of the reserving level, which necessitates a large injection of capital when the inadequacy is discovered.

The management of the risks emanating from both the bancassurance and the general insurance business are effected through a combination of administrative, underwriting, regulatory, insurance and actuarial controls.

Reputational Risk

Reputational risk is the possibility that negative publicity, whether true or not, regarding an institution's business practices, actions or inactions, will or may cause a decline in the institution's value, liquidity or customer base. All risks can have an impact on reputation, which in turn can impact the brand, earnings and capital. Credit, market, operational, insurance, regulatory and legal risks must be managed effectively in order to safeguard our reputation.

The management of reputation risk is overseen by the Board Risk Management Committee in addition to the senior executive team. However, every employee and representative of our organisation has a responsibility to contribute in a positive way to our reputation. This means ensuring that ethical practices are followed at all times, that interactions with our stakeholders are positive, and that we comply with applicable policies, legislation and regulations. The Group's reputational risk is most effectively managed when every individual works continuously to protect and enhance our reputation.

Credit, Market and Liquidity risks are further defined within the **Financial Management Risk Notes of the Financial Statements** [see pages 202-235: **Note 46**].

Regulatory & Legal Risk

Regulatory risk arises from a failure to comply with regulatory and comparable requirements. Legal risk manifests itself through failure to comply with legal requirements, including ineffectiveness in the management of litigation proceedings. The provision of financial services is one of the most closely regulated industries, and the management of a financial services business such as ours is expected to meet high standards in all business dealings and transactions. Failure to adequately address conflicts of interest, regulatory requirements, anti-money laundering regulations and best practices, privacy laws, information security policies, ethical practices and other legal requirements not only poses a risk of censure or penalty, and may lead to litigation, but also puts our reputation at risk. Business units are the first lines of defense and are responsible for managing day-to-day regulatory and legal risk, while the Group Legal and Compliance Division acts as the second line of defense, providing advice and oversight.

Legal & Compliance

During the 2014 financial year our Group Legal & Compliance Division continued to keep track of legislative and regulatory developments which impact our business and to implement measures to effectively and efficiently mitigate legal and regulatory risks.

Regulatory developments which took place during the period included:

- The coming into force in the United States of America of the Foreign Account Tax Compliance Act ("FATCA"), to combat tax evasion by U.S. taxpayers using accounts outside the U.S.A.; and
- Amendments to the Jamaican Proceeds of Crime Act ("POCA") and the Proceeds of Crime (Money Laundering Prevention) Regulations, 2007.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

The coming into force of the provisions of FATCA has imposed significant requirements on foreign financial institutions ("FFIs") in managing and opening customer accounts. The extent of the impact has been mitigated, to an extent, by the signing of Inter-Governmental Agreements ("IGAs") with the U.S. Government by various governments worldwide. These include the governments of Jamaica and the Cayman Islands.

In order to ensure the NCB Group will be able to comply with our obligations in connection with FATCA, we initiated a FATCA project in 2013, and key aspects of it were carried out in the 2014 financial year, with implementation continuing in the 2015 financial year.

The activities have included the amendment of existing systems, controls, processes, policies and procedures in relation to account opening, maintenance of customer records and reporting, as well as the formulation of new policies and procedures. A FATCA Policy and Procedures Manual for individual customers was approved by the Board and became effective in July 2014, when the IGA indicated FFIs should revise their account opening procedures.

Additionally, the following activities have taken place under our FATCA compliance programme:

- Enterprise-wide training of staff in order to sensitise persons to the applicable requirements;
- Weekly communication to stakeholders regarding FATCA;
- The establishment of a FATCA Remediation Team to ensure customer records are updated in the manner required to facilitate the required reporting; and
- The acquisition of a FATCA software solution to assist with various aspects of the programme, in particular identification of customers whose records require updating and the attention of the Remediation Team.

PROCEEDS OF CRIME (AMENDMENT) ACT (POCA) 2013

Amendments to POCA 2007, amongst other things, introduced a limit on the conduct of single cash transactions by specified persons. In order to ensure compliance with the legislative changes arising from these amendments we instituted the requisite procedural changes shortly after the new legislation became available. In addition, employees throughout the enterprise were sensitised to the new requirements. Some of the other amendments related to activities already underway in the NCB Group, such as managing our Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) efforts from a group perspective, and not solely as individual financial entities.

ENTERPRISE-WIDE AML MONITORING SYSTEM

In the 2014 financial year, we also went live with our AML/CFT automated monitoring system. The system is improving our ability to prevent, detect and report instances of money laundering and thereby mitigate the regulatory and reputational risks which may arise from such activities. Significant aspects of the implementation are continuing through 2015.

For more information, visit www.jncb.com

Our Operations

Operations and Technology

The Group Operations and Technology Division (GOTD) continued the execution on its five-year strategic plan to align technology investments with business value whilst managing risk and supporting the organisation's goals. Projects were initiated to drive greater customer convenience and efficiency across multiple channels.

For the 2014 financial year some of the major projects included:

Cyber Security

- Designing and initiating the implementation of robust security architecture to enhance the Group's ability to respond to global security threats.

Technology Refresh

- Upgrading of the credit card, collections and insurance applications to drive greater efficiency and productivity and to improve the customer experience
- Continuing the roll out of the Bank on the Go infrastructure including Intelligent Automated Banking Machines (ABMs) and Kiosks across the network to facilitate more convenient and affordable banking for customers
- Enhancing the internet banking platform

NCB continues to focus on building technological resilience to increase uptime and improve the overall customer and staff experience.

Facilities and Services

The Group Facilities and Services Division, in furtherance of the organisation's efficiency and effectiveness mandate, continues to promote energy conservation through a constant review and upgrade of existing equipment and also by pursuing high energy efficiency, for all new equipment. Based on our existing business model, cooling and lighting are the major contributors to our energy usage. We have continued with implementation of various projects to install high efficiency air conditioning systems for several of our locations. These include:

- NCB Head Office - The Atrium
- Food Services Centre
- Falmouth Branch
- 126 Constant Spring Road (new location, under construction)
- Oxford Place Branch

We have also installed high efficiency LED lamps at some of our locations and are currently in the process of implementing this solution in all of our locations. This is in addition to protecting our building envelope from heat infiltration through the installation of reflective tints on our windows, insulation of our roofs and the installation of lighting controls.

In addition to our pursuit of energy consumption reduction strategies, we have evaluated renewable energy solutions and have designed two photovoltaic systems (PV) that we intend to install at our new location at 124 – 126 Constant Spring Road in addition to one of our largest physical locations, situated at 29 Trafalgar Road. These new PV systems are expected to reduce the Company's dependence on power from fossil fuels while contributing to greater preservation of the environment. The above strategies have resulted in an overall energy usage reduction of 8% during the 2014 financial year and a cumulative reduction of 30 per cent over the past three years. Cost avoidance based on today's energy cost has resulted in us avoiding approximately $200 million.

SPACE RATIONALIZATION

The Facilities Unit has continued to contribute to the implementation of key strategic projects in addition to the efficient and reliable operation of the Group's physical infrastructure. During the year we embarked on several projects to consolidate operations at some locations which would reduce our overall operational expenditure. Some of these initiatives included the following:

- Relocation of the Oxford Place Branch
- Consolidation of Advantage General Insurance Company (AGIC) Port Antonio Operations into the NCB Port Antonio Branch
- Consolidation of AGIC Archives and Document Centre into the existing NCB Archiving Location
- Relocation of the Enterprise Underwriting Unit to an Operating Facility and the Closure of the 14 Eureka Road Facility
- Closure of Cooking Facility at the Atrium and consolidation at the Food Services Centre
- Reconfiguration of the Fourth Floor at the Half Way Tree Branch to house the New Business Banker Unit

We have also contributed to improving the comfort of our staff and customers through several upgrades to non-branch and branch locations. These include the relocation of NCB Global Finance Limited, the relocation of NCB Cayman, and the construction of Bank on the Go areas in branches across Jamaica.

ENVIRONMENTAL IMPACT AND SUSTAINABILITY INITIATIVES

The Group Facilities and Service Division has undertaken to review its environmental goals to align with business objectives. In so doing a draft action plan was done which outlines the strategy to be implemented in achieving our Green Policy initiatives.

This action plan incorporates a work programme that gives timeline and status updates on what has so far been achieved and projections showing when the targets should be achieved as outlined in the action plan. This document will form the basis of how we monitor and measure the progress of our Green initiatives. Below are some of the targeted areas of our action plan.

GREEN INITIATIVES	
Reduction in the effects of harmful emissions/ chemicals on the environment	▸ Utilising LED lights instead of fluorescent tubes, which will reduce the amount of mercury released into the atmosphere through improper disposal of fluorescent tubes. ▸ Ensuring that all air conditioners used across the business are of the inverter type utilizing the most environmentally friendly refrigerant (410a), thus reducing the usage of the harmful R22 refrigerant. ▸ Improving indoor air quality by phasing out carpets in all buildings ▸ Encouraging the use of organic or environmentally-friendly fertilizer in the maintenance of our grounds and green areas
Green Procurement	Purchasing of low environmental impact products and, where possible, energy from renewal sources. This includes products made from recycled paper.
Waste Management	▸ Disposal of computers, printers and other electronic devices in an environmentally-sound manner. ▸ Recycling, where possible, paper, plastic, glass and other non-biodegradable items. ▸ Reusing fixtures and furniture, where possible, to reduce the use of landfills. ▸ Shredding paper instead of burning to reduce carbon-emission into the atmosphere.

Our Operations

Cont'd

Enterprise Service Quality

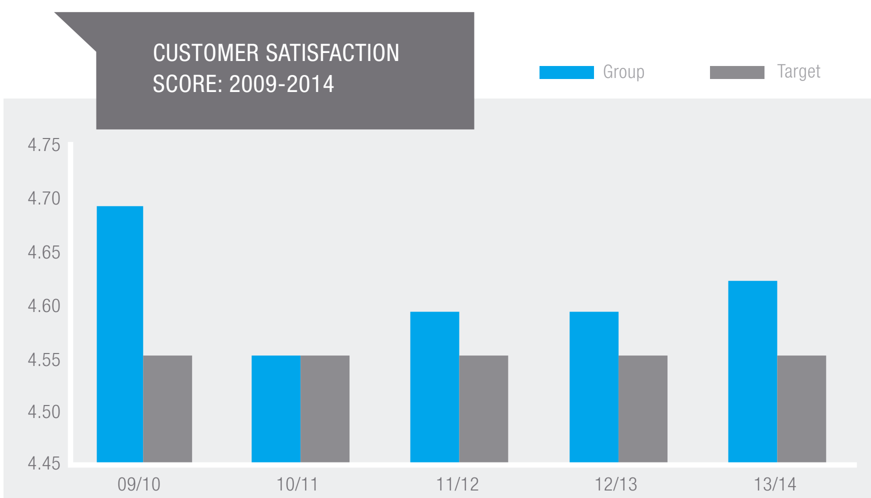
At NCB we are passionate about providing a quality service experience for all our stakeholders. In support of the organisation's goals, service quality standards are developed, monitored and reported across the organisation.

The main objectives of the Service Quality Unit for the 2014 financial year were to:

1. Empower employees to deliver a consistently high quality of service.
2. Enhance our customers' service experience.

The main initiatives undertaken during the year included:

- Launch of our inaugural Group Quiz competition, which was aimed at building the product knowledge of our employees and creating greater team synergies across the NCB Group. While this was a fun and engaging experience for our staff, it has allowed them to gain new knowledge and reinforced prior learning, which will improve their ability to effectively serve our customers.
- A quarterly staff service newsletter (Service Quarterly) was developed, and this has been instrumental in keeping our staff abreast of new service initiatives geared at strengthening our service culture and creating a more customer-centric environment for our customers.
- Launch of our Group Reward and Recognition Programme – this programme highlights employees whose actions demonstrate their commitment to maintaining high standards in the general execution of their job functions. Employees were recognised in various categories of service areas.
- The Reward and Recognition programme is complemented by our weekly **Kudos Wednesday** initiative which involves highlighting staff members who have been commended for exceptional service delivery by customers and their peers/ managers. A synopsis of the actual commendation shared is included in the email dispatched to staff across the Group.
- To tangibly demonstrate our appreciation for our longstanding customers, Thank You Letters were dispatched to top customers across branches, NCB Capital Markets Limited, NCB Insurance Company Limited and Corporate Banking Division.
- To ensure that our customers are aware of initiatives implemented to improve their banking experience, we launched our Customer Newsletter – Customer Connection - which is accessible via our website, www.jncb.com, and will be shared on a biannual basis. The first issue focused on our service standards, complaints management process and newly introduced Bank of the Future technologies, including Intelligent Automated Banking Machines (iABM).
- We also continue the execution of our biannual Customer Satisfaction and Mystery Shopper Surveys which allow us to obtain valuable feedback from our customers. For the 2014 financial year, the NCB Group surpassed the target rating of 91% and achieved an overall score of 92.4%.



My First Serious **Relationship...**

...has been my most rewarding

I have grown personally and financially with NCB from that first credit card. With them I am able to put my Best LIFE Forward.

Our Business Lines

Retail Banking Division

This Division provides banking products and services through our network of 35 branches and over 200 ABMs across Jamaica. The footprint of the Retail Banking branches continues to serve as the organisation's primary customer facing portal for relationship and service needs. Our service priority is to build an unrivalled service experience to the benefit of our customers while we deepen our appeal within our markets. This customer focus coupled with our investment in new technologies and procedures to improve our operational efficiencies have worked well for us in this financial year and are evidenced by an increase in our operating profit from $793 million in 2013 to $1.6 billion in 2014, a 97% increase. Serving our customers well in the 2014 financial year meant:

- Anticipating and delivering on their needs
- Recognising their contribution
- Redefining the way we serve them

ANTICIPATING AND DELIVERING ON OUR CUSTOMERS' NEEDS

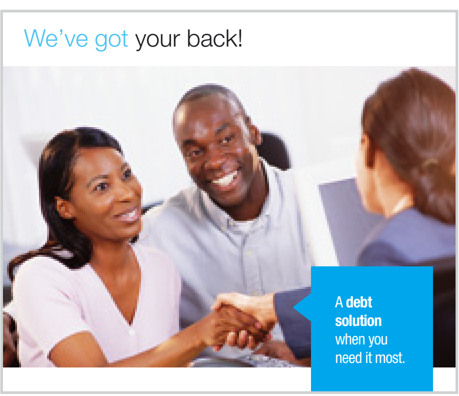
During the course of the year in response to our customers, a number of segment specific products and programmes were launched. These included:r

- Debt Consolidation offer "**We've Got Your Back 2 Campaign**"- this offered customers opportunities to reconstruct their loan facilities with flexible payment options.
- A new **USD Fixed Deposit Product** - to meet the increased demand of the market to save in foreign currencies

Additionally, during the financial year we carried out a number of product policy and procedural revisions to supplement our customer satisfaction efforts and to enhance operational efficiencies.

As a key part of the Retail Banking strategy for over seven years, support for our Small and Medium Sized Enterprises (SMEs) has been consistent; we are mindful of their role in nation building. Access to sufficient investment capital has often been one of their concerns. To address this issue and to improve their ability to successfully lobby financial institutions for traditional and other types of funding, we have provided numerous solutions. One main investment and partnership launched in 2013 involved a Technical Cooperation Agreement with the Inter-American Development Bank (IDB)/Multilateral Investment Fund in which we are investing US$1.029M for a four phased project to build the institution's capacity to serve the SMEs as well as the SMEs capacity to access funding. Under the current phase of the programme we have launched the **NCB Capital Quest** which is a brand new television series where SMEs will compete for an opportunity to access a private equity investment of up to $50 million in their business funded by NCB Capital Markets Limited – our wealth management and brokerage arm. Eight SMEs have been selected from a pool of over 90 initial applicants to move on to the first stage of the quest.

Another component of our partnership with the IDB was an extensive **ActionCOACH Group Coaching** Programme which was conducted over the period September 2013 to June 2014. Nineteen firms were chosen to participate, all of which successfully completed the training programme and graduated in June 2014.



35
Branches Islandwide

-OVER-
200
ABMs Islandwide

We continue to recognize through our **Nation Builder Awards (NBA)** programme the contribution of our SME customers as they build their businesses, communities and nation. The programme included a series of training sessions for our SMEs focused on capacity building coming from gap assessments conducted in their businesses, and culminating with a gala event held on October 22, 2013.

REDEFINING THE WAY WE SERVE

We pride ourselves at being at the forefront of innovation and this reputation was maintained during the year with the roll out of our **Bank on the Go** initiative to 30 of our 35 branches. Designated self-service areas were created to allow customer access to conduct banking transactions through the use of intelligent ABMs and cashless banking kiosks outside of normal banking hours, and up to 24 hours per day at some branch locations. During the financial year 46.49% of transactions were migrated from our branches to these self service areas. It is expected that all 35 branches will have been outfitted with Bank on the Go areas by the end of 2015.

In other critical areas we continued to redefine how we serve our customers while effectively managing our costs and business risks. Against this background, NCB exited the **Remittance Business** on March 31, 2014. However, we continue to provide for funds transfer and pension payments through the formal banking system.

As we move through the 2015 financial year, we are cognizant that the dynamics of the market place in which we operate have changed fundamentally and will continue to do so at a rapid pace based on technological and environmental advancements. Accordingly we will continue to execute strategies to improve our market flexibility and nimbleness. These strategies will include:

- Optimizing our products and services while continuing to put the customer first;
- Adapting to our changing landscape by continuously redefining the way we serve our customers;
- Maintaining expense discipline and strengthening our internal controls.

Treasury & Correspondent Banking Division

Treasury & Correspondent Banking Division (TCBD) has a dedicated team that manages relationships with specified local financial institutions and correspondent banks and has responsibility for the management of liquidity, interest rate and foreign exchange risk. During the 2014 financial year the Treasury function contributed 25% of the Group's operating profit.

RELATIONSHIP MANAGEMENT

Customer education and awareness contribute well to sound consumer decision making, and to this extent our relationship management team partnered with clients to increase their operational efficiency through the use of the Bank's various electronic channels. Customized products and services were tailored to the needs of the clients. The team educated clients on regulatory changes in the operating environment that would impact their businesses, such as amendments made to the Proceeds of Crime Act (POCA) with respect to large cash transactions. The Division also leveraged its correspondent banking relationships to expand payment options (which include remote drafts) for our clients and aided access to training on compliance changes in the international market.

FUNDING ACTIVITIES

We are focused on maintaining access to diverse and stable sources of funding. In the 2014 financial year US$25 million was accessed via an upsize of the Bank's Diversified Payments Rights securitization programme. In order to support of our customers' import and export businesses, a US$30 million trade line was accessed under IFC World Bank Group (IFC) Global Trade Finance Programme. This facility provides access to a global network of confirming banks, facilitates transactions where trade lines are limited and also provides access to advisory services and training. Despite the weak liquidity conditions that permeated the market during much of the financial year the Treasury was able to generate adequate levels of liquidity to support loan growth and meet commercial and prudential obligations.

46.49%

Eligible transactions migrated from branches to Self Service Areas

Our Business Lines

Cont'd

FOREIGN EXCHANGE SERVICES

A comprehensive suite of foreign currency services were provided to customers including spot purchases and sales, forward contracts and other structured foreign currency solutions. Despite bouts of accelerated depreciation of the Jamaican Dollar and periods of low foreign currency supply, NCB met its customers' foreign currency demands for over US$1 billion during the financial year. NCB stands ready to continue to support its customers' foreign currency needs in the 2015 financial year.

Payments Services Unit

Our Payment Services Unit is comprised of our card issuing and acquiring service lines. Through Payment Services, we offer a wide range of business and consumer credit cards across multiple brands (Visa®, MasterCard® and KeyCard®) as well as pre-paid/stored-value cards. Using a segmented approach we target persons based on their habits and lifestyles. These cards offer access, convenience and security to customers whilst providing value-added benefits of travel and cash back rewards, insurance coverage and many others.

The KeyCard is our proprietary credit card and was the first domestic credit card introduced in Jamaica. It is accepted at over 9,000 merchant locations island-wide. We offer six KeyCard products under the brand for businesses and individuals. These are the Prepaid, Classic, Lovebird, Gold, KeyCard Biz and KeyCard Biz Lite. Our business card suite provides enhanced cash flow management support allowing customers access to affordable business financing.

Our Card Acquiring Services facilitate convenient acceptance of all cards at thousands of merchant locations through various channels inclusive of Point of Sale (POS), E-Commerce and Bill Payment services via ABM, Telemidas and Online Banking. During the financial year, the Unit focused on:

- Product Development;
- Portfolio Management;
- System Enhancements; and
- Card Life Cycle Management (Acquisition, Activation, Usage & Retention).

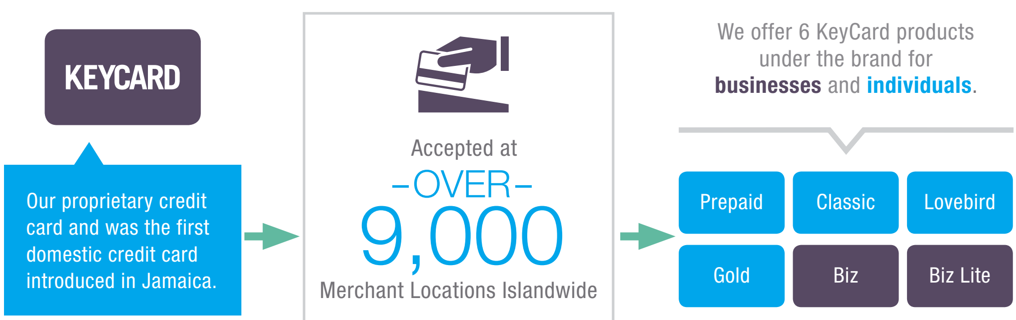
These activities have been undertaken with a view to deepening our relationships with our clients, improving our operational efficiency and being relevant and attractive in the market place for new and existing clients.

Several programmes and initiatives were undertaken throughout the 2014 financial year namely:

- Enhancement of sales incentive programmes and expansion of sales team.
- Outbound telemarketing campaigns aimed at stimulating early and sustained usage of our cards.
- Merchant programmes - events held in partnership with merchants to provide discounts to our cardholders e.g. Style out/ Fashion Night Out and customer appreciation.
- Card upgrade programmes — continuous behavioural assessment and placement.
- Merchant fraud seminars — geared at providing information to merchants on best practices to mitigate fraud.

The strategic focus of increasing card acceptance in Jamaica and improving performance of card products and our payment channels were expanded through the following initiatives:

- The implementation of the first phase of a new card system through Prime 4 (card operating



system), from which we anticipate improved efficiency in processing, and the option to enhance the card products and services.

- The implementation of an Internet Protocol (IP) Point of Sale (POS) project which will increase reliability and processing time for merchants. The final phase is expected to be completed in October 2014.

In comparing our year over year financial performance between 2013 and 2014, we saw an 18% reduction in operating profit primarily due to investment in a strategic initiative to bolster the card services arm of the business. There were, however, increases in a number of the main key indicators: purchases increased by 18% and acquiring card sales increased by 13% over the prior year.

For the 2015 financial year we will be focusing on increasing acceptance of credit, debit and pre-paid products through introduction of new and continued enhancement of existing products while improving our channel offerings.

Corporate Banking Division

The Division provides banking solutions to corporate customers. It manages a wide range of clients operating in both the public and private sectors. The distribution of the Corporate Banking client base largely mirrors the level of economic activity in the country with funding to the Tourism sector being the largest component, accounting for 36% of our portfolio. During the financial year, as part of our growth and risk mitigation strategy, we acquired new clients within the Caribbean region. The Division further facilitated local economic growth by way of additional advances to the agricultural and the distributive trade sectors.
Our clients benefit from an experienced team of corporate managers who collectively have several decades of experience in the financial services sector. We leverage the innovative talent of our staff and the strength of the Bank's Balance Sheet to structure unique financial solutions for the individual needs of our corporate clients.

During the year we upgraded our internet banking platform to allow for increased automation of our corporate clients' transactions and, consequently, the lowering of their transaction costs, and we supported their business efficiencies by encouraging and supporting their increased usage of our electronic channels. We also successfully effected internal structural adjustments (such as centralisation of roles and operations) aimed at optimizing our operating model, enhancing efficiency and increasing client service and satisfaction.

Performance of the Corporate Banking during the year was significantly impacted by the increased level of uncertainty in the economy and particularly the tightness in the financial markets during the first half of the year. This situation was further compounded by an increase in the demand for funding in Jamaican Dollars vis-à-vis hard currency, consequent on the rapid depreciation of the local currency versus its United States counterpart.

Notwithstanding the challenging macro-economic environment, the Corporate Banking Division reflected year-over-year growth in gross revenues of 17%. Fuelling this performance was a 14% growth in total facilities outstanding. To support this growth, the Division grew its deposit base by 53% to $53 billion.

Net interest income, however, declined year-over-year to $104 million. This resulted from margin compression arising from tight liquidity conditions experienced during the year. Non-interest income remained largely flat given the limited loan expansion the Division experienced in the first two quarters.

The Division's provision for loan losses increased by $332 million, reflecting increased losses expected from our delinquent loan portfolio. The foregoing resulted in operating income of $502 million vs. $850 million recorded in the preceding financial year.

The return to relative stability of the local currency coupled with a general increase in confidence levels arising from Jamaica's performance against targets agreed under the IMF Extended Fund Facility have laid the foundation for further expansion of business activity. This augurs well for Divisional opportunities and growth plans in 2015. The Division expects to capitalize on further investments in growth segments as well.

With the Division's robust pipeline at year end, continued growth in loans is anticipated. In addition, continued improvements in overall market liquidity should result in a reduction in the rate of growth of interest expenses which is expected to contribute favourably to our operating profit.

The fine-tuning of our organisational structure will enable us to exhibit even greater levels of responsiveness to our client's needs thereby resulting in improved levels of customer satisfaction and ultimately greater business advantages.

For more information, visit www.jncb.com

Our Subsidiaries

NCB Capital Markets Limited

NCB Capital Markets Limited (NCBCM) provides wealth and asset management solutions for individual and corporate clients. In addition, this subsidiary provides investment banking solutions to our corporate clients. NCBCM continues to find ways to sustainably grow earnings, improve the range of products and services offered to our clients and increase the level of staff engagement for the health of the organisation. Several initiatives were undertaken during 2014 financial year in this regard. The major business initiatives for the year included:

The Launch of NCB CAPFunds

The company launched its JMD Unit Trust Product - NCB CAPFunds in December 2013. Three portfolios were initially launched under the **NCB CAPFunds** umbrella:

1. The Money Market Fund – '**M Fund**' - caters to investors who are mainly income oriented and the fund investments are primarily short term JMD Government and commercial paper.
2. The High Yield Bond Fund – '**B Fund**'- focuses on investments in high yielding medium to long term JMD denominated sovereign and corporate debt instruments.
3. The Equity Fund - invests primarily in publicly-traded equity securities of companies domiciled in Jamaica, other Caribbean countries and internationally.

Our foray into the Collective Investment Schemes (CIS) model was in keeping with the regulatory shift in the securities industry away from the use of repurchase agreements for retail clients. Since the launch, NCB CAPFunds have performed credibly, outperforming several competing funds, and we held the position of third largest unit trust within the industry with Assets Under Management of just under $9 billion at the close of the 2014 financial year.

Structured Product Offering

Another significant development was the successful launch of our first proprietary Structured Product offerings - a 3 year and a 5 year USD Indexed Principal Protected Note linked to the S&P 500. The move represents our continued objective of widening the suite of products offered to our clients as investors search for asset class and regional diversification.

Enhanced Customer Service Experience

During the year we embarked on several initiatives aimed at improving customer experience. We launched our Product Request Portal. Through this portal, which is available on our website, customers are now able to request information on products and services. We also leveraged text messaging to notify some of our customers of their

Repo maturities and intend to extend this service to all customers by the end of the 2015 financial year. In an effort to improve service quality, we will be embarking on initiatives in the new financial year that will seek to improve the account opening and account servicing processes. This will help to improve our service delivery speed, reduce the wait time for our customers and increase efficiency of our human resources.

In the new financial year, NCBCM intends to continue to provide attractive investment solutions for our clients. We will be introducing USD portfolios to our Unit Trust scheme and meet client needs for alternative investment strategies and hedging solutions by expanding our structured products portfolio. In addition, we will be further improving our advisory services in order to ensure that our clients' portfolios are constructed in line with their investment objectives and risk tolerances.

Regional Expansion - NCB Global Finance Limited (formerly AIC Finance Limited)

Consistent with our strategy to widen the regional footprint of our business, NCBCM acquired and began integration of AIC Finance Limited, which was later rebranded on August 6, 2014 as NCB Global Finance Limited. The company is incorporated and licensed as a financial institution in the Republic of Trinidad. Today the business accepts deposits, originates finances and services loans and leases, invests in investment securities, including certificates of participation in asset backed securities, and provides foreign exchange and trustee services.

Angus P. Young
CHIEF EXECUTIVE OFFICER
NCB GLOBAL FINANCE LIMITED

Angus P. Young was appointed as the new C.E.O. for NCB Global Finance Limited effective September 1, 2014. He leads the development and execution of NCB Global Finance Limited's long term strategy with a view to creating value for stakeholders and to build the NCB brand and reach in Trinidad and Tobago and the southern Caribbean.

In the 2014 financial year, NCB Capital Markets continued to be recognised locally and internationally with the following awards:

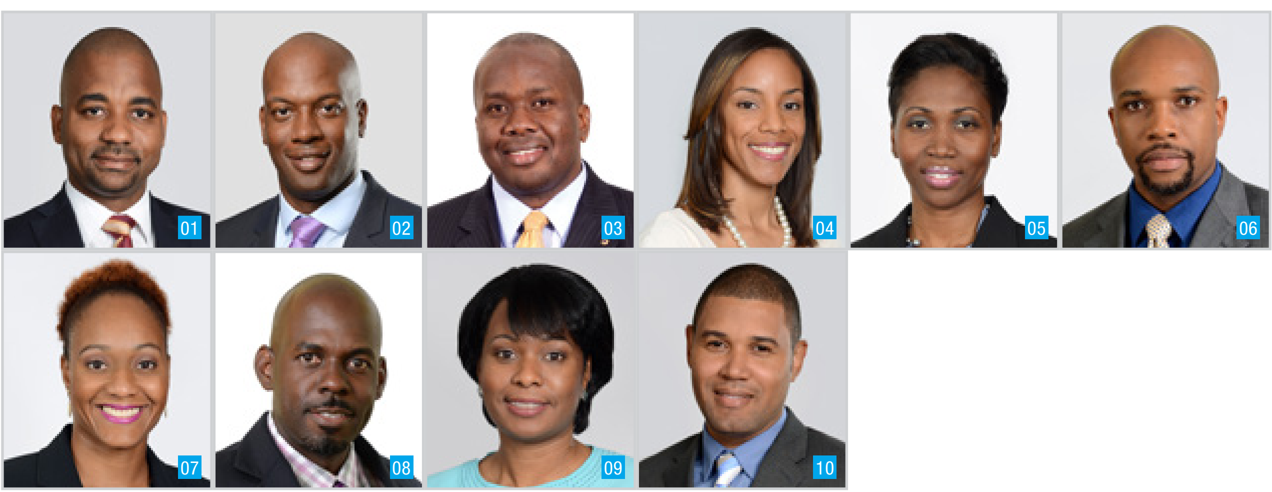
Best Investment Management Company for the Second Year in a Row

NCBCM has, for the second consecutive year, been named Best Investment Management Company for the Caribbean by internationally acclaimed World Finance Magazine. This achievement reflects the trust and confidence our clients repose in us.

NCBCM Cops top spot in the JSE Market Research Competition

For the fourth consecutive year NCBCM placed first in the annual Jamaica Stock Exchange (JSE) Market Research Competition. This year, Research Analyst, Shaneka Wynter copped the number one spot. Our continued success in this competition is a testament to the analytical prowess and expertise of our Research Team.

NCBCM Management Team



01 **Steven Gooden** CHIEF EXECUTIVE OFFICER 02 **Ramon Pitter** Vice President - Investment Banking 03 **Kevin Ingram** Vice President - Wealth Management
04 **Tracy-Ann Spence** Assistant Vice President - Investments 05 **Annya Walker** Assistant Vice President – Research, Strategic Planning & Projects
06 **Herbert Hall** Manager - Investment Banking 07 **Najah Peterkin** Regional Manager – Private Client Services
08 **Omoi Green** Regional Manager – Region 2 Northwest 09 **Kerry-Ann Spence** Regional Manger - Region 1 and Corporate Clients
10 **Davie Martin** Assistant Trading Manager MISSING **Avril Bailey** Assistant Manager - Finance

Our Subsidiaries

Cont'd

MD&A Cont'd

NCB Insurance Company Limited

NCB Insurance Company Limited (NCBIC) offers a wide range of products and services that are geared to meeting the insurance, long-term investment, and pension needs of individual and corporate clients. For the 2014 financial year, NCBIC's performance improved, driven primarily by the strength of our asset management, expense management and improvements in our revenue driving efforts on the Group and Individual lines of the business.

Several initiatives undertaken during the year, many of which are on-going, contributed to the strong financial performance of NCB Insurance Company Limited during the 2014 financial year. The following were areas of focus:

Sales Activities

Several sales initiatives were employed which included a series of Call-a-Thons and partnerships with a number of schools across Jamaica to drive home the importance of tertiary school planning. A series of ProCare activities was done in the first quarter of the year. One of these activities was ProCare Week, where customers were given free blood pressure and blood sugar tests and were educated about the importance of obtaining critical illness insurance to ensure they can afford adequate care in the event of a critical illness.

New and Enhanced Products

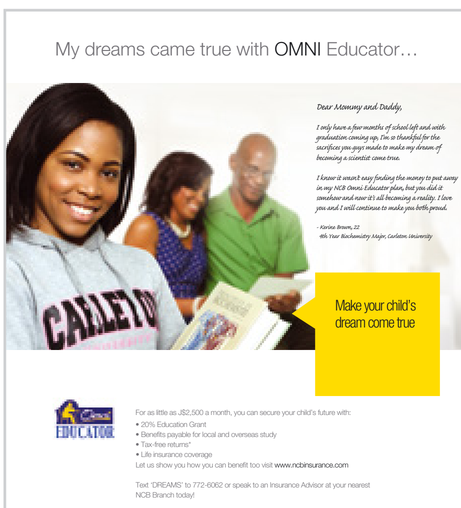
Creditor Life Insurance on Cards was introduced to the Bank's credit card holders in January 2014. This covers outstanding balances in the event of death or critical illness which ensures that our customers' loved ones do not have to be burdened by these expenses.

Marketing Campaigns

A number of marketing campaigns were launched during the year with our Men's Health Week held in January 2014. This event lent an exclusive focus to prostate issues and was the first of its kind in Jamaica. The "I Benefitted" Omni Educator media campaign was also launched in the last quarter of the financial year, and has been met with positive reviews and significant lift in the monthly average number of policies sold.

Improving our Business Retention Focus

A number of marketing campaigns were launched during the year including Men's Health Week held in January 2014. This event lent an exclusive focus to prostate issues and was the first of its kind in Jamaica. The "I Benefitted" Omni Educator media campaign was also launched in the last quarter of the financial year, and has been met with positive reviews and significant lift in the monthly average number of policies sold.



Performance Management Monitoring

Our new Performance Management process has yielded positive results and will continue to play an integral role in achieving higher levels of productivity across the organisation. Through our enhanced data tracking and monitoring, we expect to see the continuous improvements necessary to drive the desired financial outcomes.

Customer Service

As we continue to foster greater relationships with our customers, our Insurance Advisors will continue to be focused on a needs-based selling approach, in an effort to further meet the financial and insurance needs of our clients. This is of utmost importance to the business as we seek to refresh and enhance our brand position, as a true lifecycle solutions partner in the marketplace.

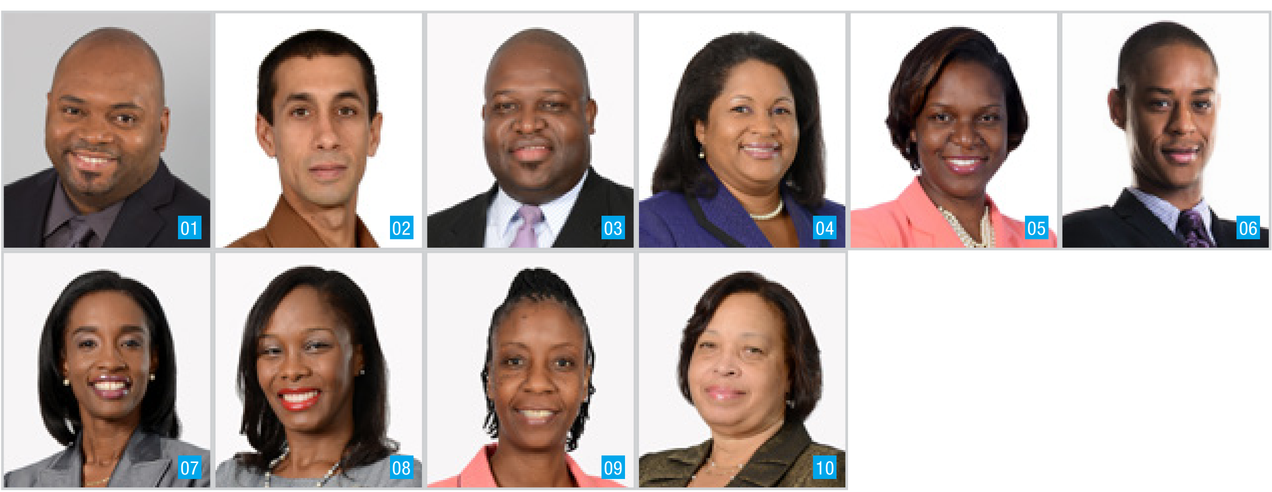
We continue to pursue activities aligned to our vision of achieving a stronger leadership position among insurance, pension and long-term investment providers in Jamaica. Our focus will continue to be driven by growth in new business, process improvement, expense management, strong asset management, product and service innovation, the development of our employees, customer centricity and a commitment to business retention.

The upgrade of our core insurance system is underway and will improve our functionality and efficiency in the administration of our business. When implemented, the system will allow us to introduce new products and enhance existing ones in a more timely manner.

The company will continue to maintain its aggressive posture on sales and service delivery. We will be looking to leverage on internal relationships to drive sales output. Our analytics will also drive multiple programmes designed at allowing our sales teams to access our customers and provide solutions that are appropriate. The business will also be looking at expanding its presence in the marketplace.

Finally, we will continue to seek partnerships and alliances with entities to support our market leadership vision.

NCBIC Management Team



01 **Vernon James** GENERAL MANAGER 02 **Andre Ho Lung** Vice President, Finance 03 **Antonio Spence** Manager, Individual Line Sales & Retention
04 **Marsha Clarke-Bruce** Regional Manager, Region 2 – Individual Line 05 **Anntonette Cowan-Palmer** Regional Sales Manager, Region 1
06 **Christopher Vendryes** Sales Manager 07 **Georgia Wright** Product Development and Projects Manager
08 **Sharla Cornwall** Regional Manager – Private Client Services 09 **Eleith Baxter** Assistant Finance Manager
10 **Angela Morse** Senior Underwriter MISSING **Desmond Johnson** Business Development Manager, Group Business

Our Subsidiaries

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Advantage General Insurance Company Limited

Advantage General Insurance Company Limited (AGIC) offers a range of general insurance solutions for our individual and corporate customers. In 2014, AGIC celebrated its 50th anniversary in the general insurance industry. The company remains the leading motor insurance provider in Jamaica with approximately 33% market share and maintains a strong solvency ratio, which was significantly above regulatory limits as at September 30, 2014.

During the year ended September 30, 2014, AGIC focused on improving customer service delivery. This saw the company launching the only "true" Telebranch in the industry. Our Telebranch operation is a full service contact centre providing all the benefits of our branch network along with allowing for improved communication for our customers and third party claimants as it relates to claims.

Additionally, a Claims Oversight Committee was formed with the objective of strengthening the claims management framework and reducing the settlement turnaround time for reported claims.

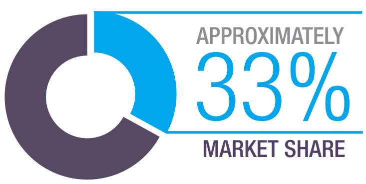
In leveraging the synergies of the NCB Group infrastructure, the recent integration with the Group's Finance, Information Technology and Human Resources functions provided a solid support system with improved efficiencies. Measures implemented to strengthen liquidity management have resulted in improvements in our investment income.

Focus will remain on improving customer service delivery through automation of some underwriting functions to enhance growth in our direct distribution channel and increase productivity. For instance, the company will be revamping its online service offering to include a "Quote and Buy" feature, through which customers can solicit quotes for certain motor vehicle insurance, pay and receive online insurance policies.

Our mobile application will be re-launched with enhanced security and the capability to facilitate all platforms such as IOS and Android.

In continuing with the 50th anniversary celebrations the company will also be launching a customer loyalty programme.

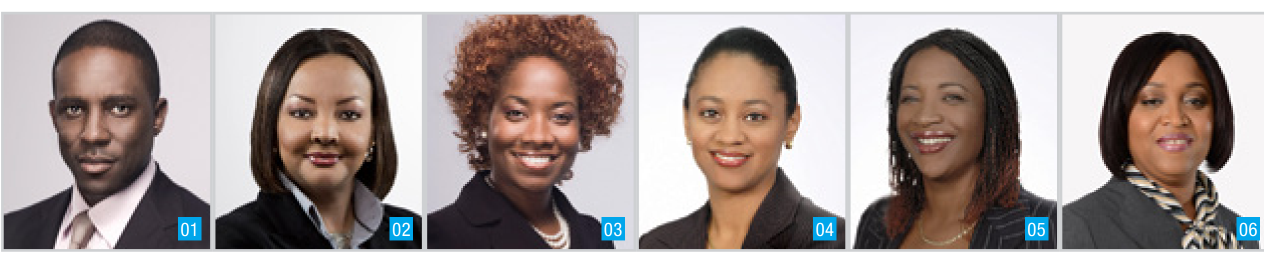
Leading Motor Insurance Provider



ADVANTAGE GENERAL INSURANCE COMPANY LIMITED 1964 -2014

AdvantageMobile
The Advantage you trust... now mobile

AGIC Management Team



01 **Mark Anthony Thompson** PRESIDENT AND CHIEF EXECUTIVE OFFICER 02 **Ruth L. Cummings** Vice President, Channel Management & Marketing 03 **Odia S. Reid Clarke** General Counsel and Manager Claims Legal 04 **Stephanie Neita** Company Secretary and Compliance Manager 05 **Sophia Smith** Claims Manager 06 **Shala Dinald** Financial Controller

NCB Cayman

NCB (Cayman) Limited (NCBKY) is the offshore banking subsidiary of National Commercial Bank Jamaica Limited. Regulated by the Cayman Islands Monetary Authority, this subsidiary's core business lines include banking, investment services, as well as company formation and management.

BUSINESS ENVIRONMENT IN CAYMAN

The business environment in the Cayman Islands is showing signs of improvement as the economy continues to slowly recover from the recession which commenced in 2008 in the context of the overall climate globally. For the 2014 financial year, 2014, the economy expanded by an annualised rate of 1.5% up from 0.1% in 2013. Inflation increased by 2.3% up from 1.4% in 2013. During the period the central government's overall fiscal surplus improved to CI$149 million from CI$132 million in 2013, while the total outstanding central government debt contracted by CI$ 24 million to CI$558 million. Money supply expanded by 2.2% while domestic credit contracted by 1.6%. During the period the weighted average lending rate fell from 6.29% to 6.23%, while the number of banks and trust companies declined by 4.5% and insurance licensees increased by 2.5%. Mutual funds registration fell by 2.6% and stock exchange listings fell by 12.1%. New company registrations rebounded by 21% following two years of decline.

IMPACT OF THE BUSINESS ENVIRONMENT

The combined impact of the slow pace of global economic recovery as well as increasing multilateral initiatives targeting low-tax financial jurisdictions is reflected in the downward trajectory of offshore banks and trust companies operating in the Cayman Islands. As of 30 June 2014, 191 Class B (offshore) banks and trust companies were registered in the Cayman Islands. In 2002, there were 356 Class B banks and trust companies. On the other hand, the number of securities licensees steadily increased from 1,698 in 2007 to 2,273 as of September 2014. The number of registered mutual funds stood at 8,056 as at September 2014 an increase of 7.7% since 2006.

Notwithstanding recent tax initiatives, such as the US Foreign Account Tax Compliance Act (FATCA), we expect to see a gradual pickup in new business as the global economic recovery increases pace over the next 12 months. In the face of a challenging economic environment, NCBKY's primary focus during the year was to further diversify our customer base by penetrating regional markets in search of investment banking and asset management opportunities. The results were encouraging and we are optimistic about the prospects of increasing the volume of high value regional transactions in the coming financial year. In the 2015 financial year we expect to further improve our service quality by implementing electronic banking services for our international corporate customers. The new electronic platform will increase the speed of execution of international transactions and provide a secure environment for enhanced communication with our clients.

For more information, visit www.jncb.com

Our People

Human capital development involves the creation of opportunities for professional and personal growth throughout an employee's career.

A critical component of human capital development is the management of human capital risk. The Conference Board 2011 Research Report entitled: Managing Human Capital Risk, defined human capital risk as the workforce factors and people practices that can have a range of possible effects on the company's business performance.

NCB's Group Human Resources Division is the strategic leader of a human resource function dedicated to the building of organisational capability and employee capacity. Given the far reaching impact of human capital risk on the sustainability of a company, the Division is focused on equipping the workforce with the knowledge, skills and competencies required for the NCB Group to exploit the current and emerging business opportunities in our operating markets.

PEOPLE DEVELOPMENT

Fulfilment of our aspiration to become the premier Caribbean financial institution necessitates a workforce that is proactive, innovative, flexible and agile. In furtherance of this aspiration, we executed the following:

- The identification and classification of key positions across the business that directly impact business continuity and present risk exposure
- The mapping of existing employee talent to current and future roles in order to identify competence gaps
- The design of a robust succession management framework to ensure leadership continuity, talent retention and development and facilitation of individual growth and development
- The use of social media to enhance the recruitment, selection and placement process
- The integration of the employees of acquired entities - Advantage General Insurance Company Limited (AGIC) and NCB Global Finance Limited (formerly AIC Finance Limited Trinidad and Tobago)

LEARNING AND DEVELOPMENT

Our growth and transformation agenda requires that our employees are able to adapt and excel in rapidly evolving business conditions. Enterprise catalysts of change were identified and trained on leading and managing change. In addition, change leads identified by each unit participated in a workshop that equipped them to lead the change initiatives underway in their areas and mobilize the change strategies of future initiatives. As part of the preparatory work to guide our employees through the organisation transformation process, we offered transformational change management workshops to managers who participated in our Branch Management Development Programme.

In support of the Bank on the Go initiative we provided interactive learning sessions on change and client relationship management across our retail banking business. Because the success of our sales and service strategy relies on the ability of our employees to execute the business objectives, we continued to build the competence levels of our sales and wealth advisory teams by providing learning opportunities in risk management and enrolling new cohorts of the Lifecycle Financial Planning and Wealth Management Programmes.

To enrich our employees' sense of personal achievement and offer other opportunities to build sales and service skills, we introduced certification to several related courses contained in our open learning catalogue

A LEAN Learning Portal was developed and launched to further entrench the philosophy within the enterprise and build organisational capability. This virtual resource area offers 21 eCourses and a LEAN curriculum aligned to the Boston Consulting Group (BCG) LEAN methodology that allows an employee to complete the learning requirements supporting up to four levels of internal certification in LEAN competence.

INNOVATION

To build enterprise awareness and employee collaboration, an Open Innovation Challenge was launched. Two hundred and seventy (270) ideas incorporating strategies to reduce cost, increase revenue and enhance customer value were received with the top six ideas being selected for proof-of-concept development and testing. Successful execution of our innovation strategy requires an environment conducive to creativity and idea germination. In this regard we have commenced the development of a world class innovation lab.

POSITIVE EMPLOYEE CLIMATE

In their 2011 publication "Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage", McKinsey & Company's Scott Keller and Colin Price define organisational health as "the ability of an organisation to align around a clear vision, strategy, and culture; to execute with excellence; and to renew the organisation's focus over time by responding to market trends". We believe that maintaining sustained levels of organisational health is a key component to achieving superior financial and operating performance so we continued to mobilize our organisational health framework during the year by:

- Working with each business line to operationalize their employee engagement action plans
- Providing outplacement support for employees who separated from the organisation by way of redundancy and instructional guides to each business line for coaching and supporting the remaining teams through the transition
- Providing the knowledge and requisite tools to drive execution of the business imperatives through performance management workshops

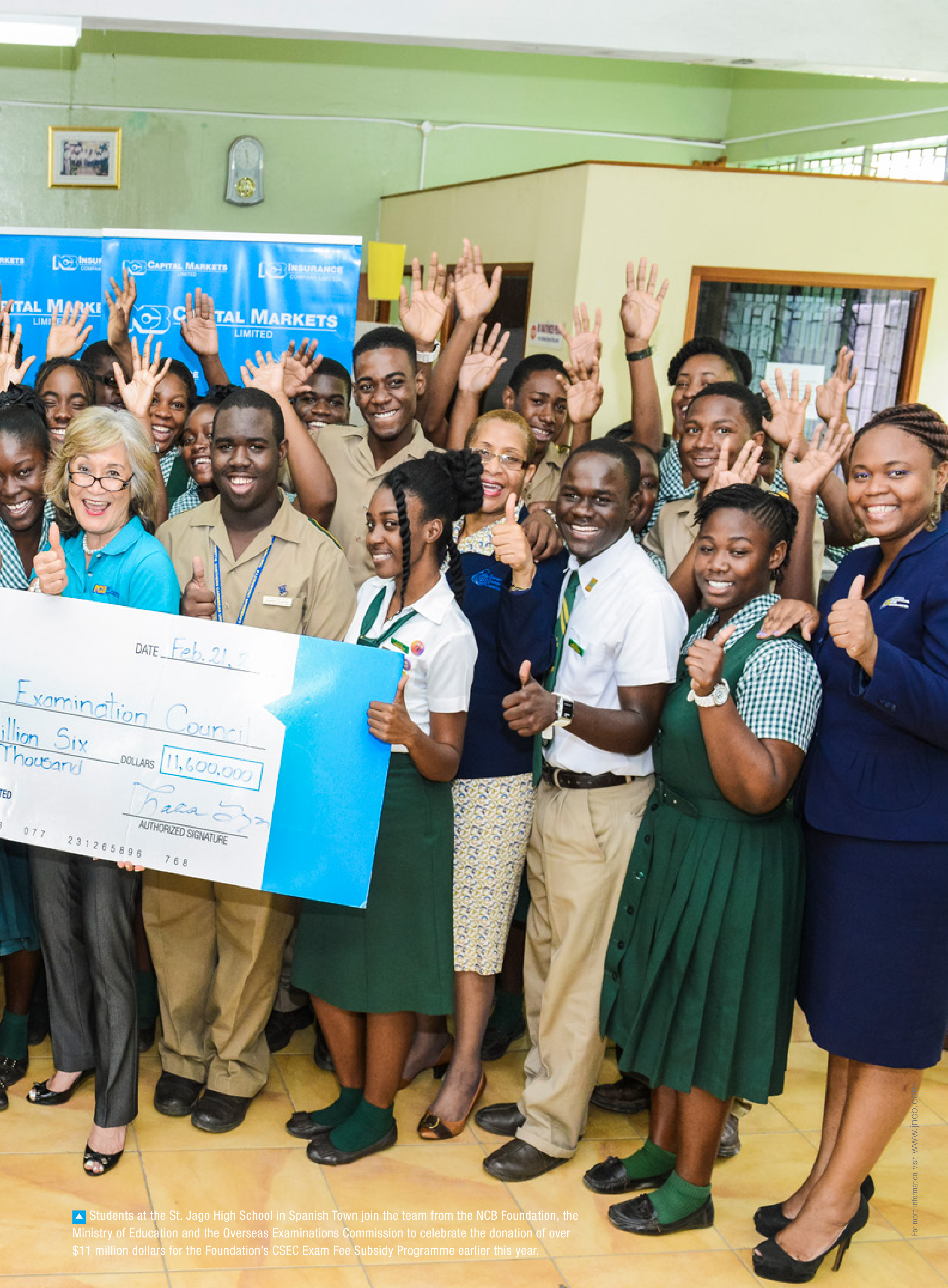
We are mindful that optimal performance levels are sustained when the employee is able to adequately balance the requirements of work with his/her personal pursuits so we continued to educate our teams about better life options through workshops, competitions and information sessions. As part of our Wellness Initiative, we provided training for 35 newly designated Wellness Officers and in conjunction with our key business partners offered initiatives targeting personal health and wellness.

We believe the effective management of organisational health and the creation of a collaborative environment conducive to the release of employee discretionary effort are paramount to the sustained financial and operating success of a company. We are cognizant too that in this period of rapid business transformation our employees must be agile with matured adaptation skills so we remain committed to strengthening their ability to cope with organisational change.

> "...while extraordinary products and unique services still afford a competitive advantage, the one advantage that stands the test of time...is people."
>
> - Mark Salsbury

Our Communities

National Commercial Bank Jamaica Limited (NCB) has an active Corporate Social Responsibility ("CSR") mandate and giving back has been ingrained in our culture for over 175 years.



▲ Students at the St. Jago High School in Spanish Town join the team from the NCB Foundation, the Ministry of Education and the Overseas Examinations Commission to celebrate the donation of over $11 million dollars for the Foundation's CSEC Exam Fee Subsidy Programme earlier this year.

For more information, visit www.jncb.com

Our Communities

Cont'd

NCB has set clear parameters with regards to the charities that it will support favouring projects and causes reflective of our corporate values and priorities. We accomplish this by:

- Forging relationships with those charitable organisations whose objectives are in alignment with the general nature of the Group's activities, values and image ensuring protection and husbandry of our brand;
- Empowering our employees to become more involved in their communities and providing incentives for them via a volunteerism scheme;

The NCB Group's CSR activities are carried out primarily through the N.C.B. Foundation, which was formally launched in May 2003 with a $150 milion commitment to fund programmes that improve educational opportunities for our nation's youth. This initial funding was channelled through NCB's Jamaican Education Initiative (JEI).

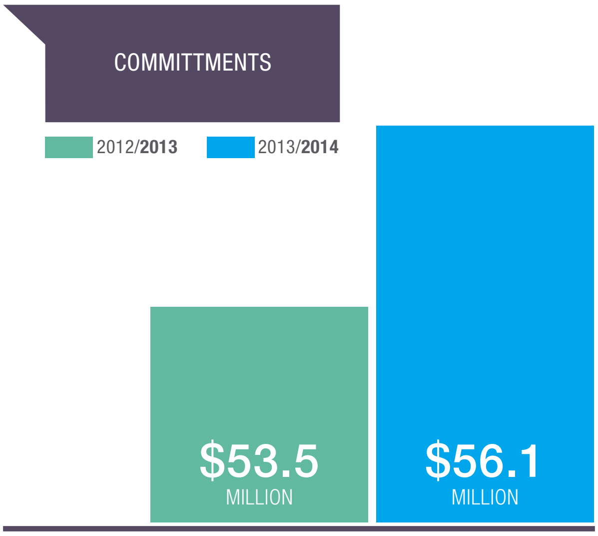
The Bank's Corporate Social Responsibility Policy 2006 is accessible on our website at www.jncb.com.

The Jamaican Education Initiate (JEI) was formalized to address poor literacy indicators, student enrolment declines and the rising cost of education in Jamaica. This progamme recognises education as a catalyst for economic prosperity. The initiative received contributions from 1% of all KeyCard purchases for the period May 2003 – December 2005 and having realized the implementation of key projects was brought to a close in December 2008. Funding for the Foundation thereafter was made through 1% of the Bank's profits.

The N.C.B. Foundation's primary areas of remit are

1. Education
2. Community & Sports Development
3. Youth Leadership and Entrepreneurship

The Jamaican Education Initiative (JEI) was reintroduced in June 2014. Once again, a percentage of KeyCard sales will be donated to fund education initiatives. As part of the renewed Jamaican Education Initiative, the Adopt a School Programme was launched. This programme allowed all NCB Group branches and offices to adopt a primary school based of a preapproved grouping and listing. All 31 schools have been selected and the programme will be rolled out in all selected schools in the 2015 financial year. Schools were



2014 NCB Foundation Scholarship Programme National Champions (L-R) Jenelle Longinius and Andrene Hutchinson.

selected based on location, need and identified development potential development.

The groups of branches and offices will assist their adopted schools in at least the following ways:

- Introduction of the Junior Achievement Programme
- Assistance on Teachers' Day and Read Across Jamaica Day
- Mentorship
- Assistance with Meal Programmes, Equipment and other areas within the guidelines and budget presented

For the 2014 financial year, the Foundation continued to fulfil its commitment to provide support to important social initiatives through projects funded by 1% of the Bank's profit from the previous year and this saw the full year commitment reaching more than $56 million.

EDUCATION

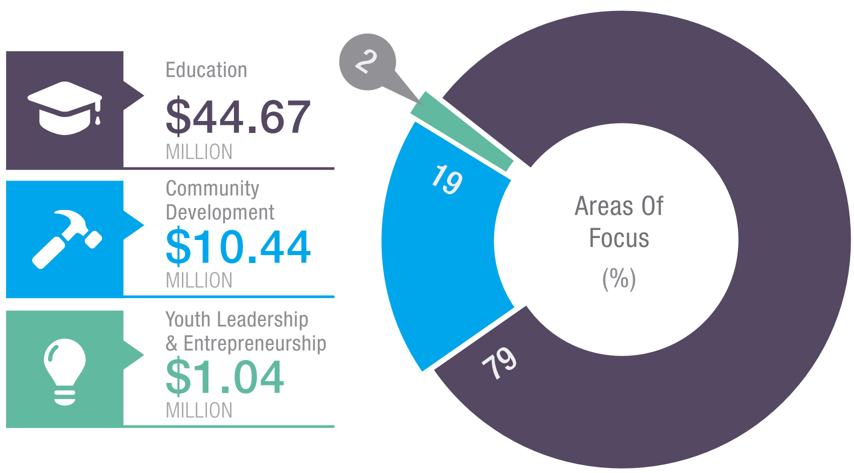
Education accounted for 79% of the year's overall commitments, remaining the most focal of the three areas. The $44.67 million represented an increase of 20% over the committed amount for the previous financial year. Educational initiatives are accounted for under the following subcategories:

- Academic Fees
- Academic Infrastructure and Equipment
- Other Educational Initiatives/ Partnerships

Academic Fees

The annual Scholarship and Grants programme accounted for more than $27 million this year as a means of supporting the national mandate to achieve increased enrolment of students at the tertiary level. The programme provided 14 new scholarships for champions from each parish, two of which - at the end of a rigorous yet exciting assessment - came out triumphant as the national champions. Each of the twelve parish champions received an award of $250,000, while each of the two national champions received a purse of $500,000. These awards are renewable each year for the duration of their undergraduate studies once all criteria are met. Previous parish and national champions who are still pursuing their undergraduate studies continue to benefit under the programme as well.

Grants were also provided for students from the primary to tertiary level through the We Believe in You Grant. Awards ranged from $5,000 in book vouchers to $70,000 in grants that could be used for tuition, accommodations and book purchases. Within this category, special awards were granted to persons pursuing teaching programmes. Over 300 students were beneficiaries of portions of the $27million.



During a courtesy visit by NCB, an MVP athlete takes the push-up challenge from NCB Group Chairman Michael Lee-Chin. NCB has partnered with the Club since 2008 by assisting developing athletes.

Our Communities

Cont'd

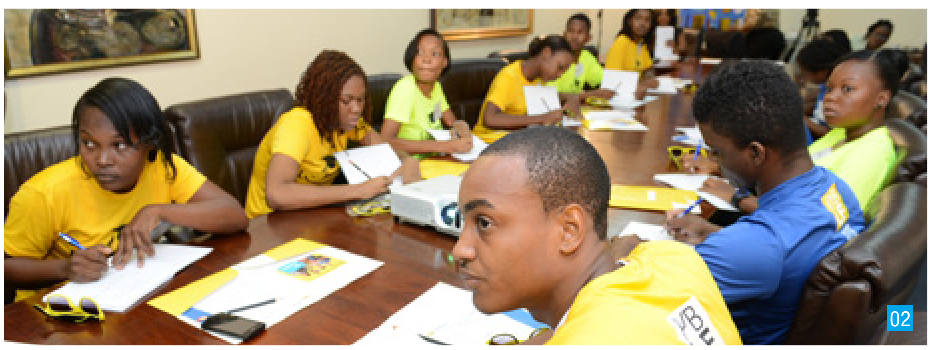
Grants continued to be offered to individuals outside of the formal scholarship programme who may have encountered difficulties during the academic year. These were assessed on a case by case basis based on their academic performance and demonstrated need.

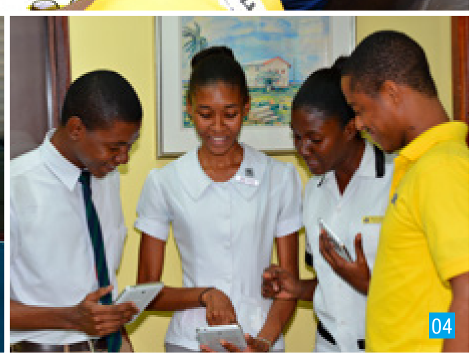
The Caribbean Secondary Examination Council (CSEC) Principles of Accounts (POA) and Principles of Business (POB) Fee Sponsorship programme also saw a significant increase over the previous financial year. The $11.7 million contribution was 23% more than the prior year, allowing 4,614 fees to be paid for over 112 schools island-wide. The programme allowed students to sit these exams at no cost to them as part of the Ministry of Education's major thrust to afford more youths the opportunity to matriculate to tertiary education. The two subjects, along with the four CSEC subject fees covered by the Ministry, give qualifying students the opportunity to sit a total of six CSEC subjects free of cost.

Academic Infrastructure and Equipment

Support through the NCB branches is integral in the execution of the Foundation's projects. The branches have close relationships with schools in their areas and many of the requests within this category came through this medium. These projects included bathroom upgrades, painting, technological room renovations, computer and projector purchases and kitchen renovations. The following were among the projects undertaken:

1. **Tacky High School** - Following a fire at the Tacky High School in Portland, N.C.B. Foundation, along with the Knutsford Boulevard branch and the Group Facilities and Services Division, donated kitchen equipment that had previously been used at the branch.
2. **Infrastructural Assistance** - Stephanie Hall at Holy Childhood High School benefited from infrastructural assistance by way of 120 metal folding chairs. The past students of the school, working with NCB, joined the school at the official handing over ceremony. Other schools that benefitted from similar types of assistance included Sandy Bay Primary and Junior High getting wall fans.
3. **Teaching Aid Donations** - The St. Richards Early Childhood Education Centre received assistance with needed teaching aid of a multimedia projector





01 A beaming Claudia Byer (centre), the principal of McCauley's High School in Spanish Town, stands with her students after receiving a much-needed water tank from NCB Foundation. 02 A beaming Claudia Byer (centre), the principal of McCauley's High School in Spanish Town, stands with her students after receiving a much-needed water tank from NCB Foundation. 03 Teachers at Elleston Primary and Infant School in Kingston share a laugh with Ruth Cummings, AGIC's VP Channel Management (centre) after receiving gift baskets from the company on Teachers' Day. 04 Students from the University of Technology and Meadowbrook High School explore their Samsung Galaxy Tabs which were just handed to them by NCBIC Sales Manager, Christopher Vendryes on behalf of the NCB Foundation under the Grant

and St. Francis Primary got a refrigerator in support of their nutrition programme.

4. **Norman Manley High School** - The annual Labour Day project also included an infrastructural development at the Norman Manley High School in Kingston. The “smart room” was renovated and the classrooms were also painted.

Other Educational Initiatives/ Partnerships

N.C.B. Foundation supported the annual Jamaica Teaching Council Teachers’ Awards by contributing all trophies and assisting with the issuance of these awards in all parishes. Jamaica Information Service hosted its third annual Heritage essay competition. Our Foundation donated cash prizes to the top three students. At the branch level, support was shown through various projects ranging from school feeding programmes, equipment assistance and motivational sessions.

The N.C.B. Foundation has continued to support the Simber Production Back to School Programme that provides students across Jamaica with book vouchers and other needed gear. The overall project has assisted more than 200 students.

COMMUNITY & SPORTS DEVELOPMENT

Our approach is that we are very much a part of the communities in which we serve and we are creating real opportunities for economic and social benefits in these communities and with this focus the following areas were supported:

- Sports Development
- Charities
- Medical Assistance
- Community Projects

Sports Development

The Foundation, for the first time, along with the corporate brand, donated to the annual Lucas Cricket Club Camp aimed at developing cricket skills among children in the Kingston and St Andrew corporate area. In excess of 50 children benefited. A branch representative assisted with the issuing of certificates at the ceremony.

The Foundation has supported the M.V.P. Track and field Club for more than eight years. The project aims to provide opportunities for student—athletes from low socio-economic backgrounds to obtain tertiary education, and hone their talents in athletics. The programme focuses on providing the nutritional and training needs of members and ensuring that their educational needs are being met.

The MVP Track and Field Club along with Digicel conceptualised a Grassroots Athletics Training Programme for select athletes and coaches within high schools across Jamaica. NCB and The Foundation supported the initiative.
The Foundation also supported the Tennis Jamaica Play n Stay Programme for a second season at a Wish Programme.

05 Selmor Reid, NCB Business Development Repetitive engages the students at NCB adopted St. Aloysius Primary at the Junior Achievement More than Money Training Programme. 06 NCB Group staff members show great interest in the game tool to be used in the 31 adopted primary schools that will receive the Junior Achievement – More than Money Financial Literacy Programme. 07 Jason Bulgin, Statistician at the Statistical Institute of Jamaica, joins Belinda Williams, NCB Corporate Communications Manager in a humorous moment at a luncheon in honour of past and present NCB Foundation scholarship recipients. Jason Bulgin was a parish champion under the annual scholarship programme in 2010. He completed a degree in Actuarial Sciences with honours.

Our Communities

Cont'd

the Mannings Primary School in rural St. Andrew.

Charities

N.C.B. Foundation was honoured at the annual Kiwanis Club of New Kingston luncheon for its valuable contribution to community development. The Kiwanis Clubs across Jamaica continued to garner the Foundation's support for their charitable work. Other formal charities such as the Rotary Club and Council for Voluntary Service also benefited.

The Foundation forged partnerships with Food for the Poor in the financial year by way of providing volunteers for home building projects across the island and as part of the Labour Day initiative, providing half the cost of two homes for needy families was and with the contribution being matched by Food for the Poor.

These projects were well supported by NCB Group employees and Foundation scholarship recipients. The financial year also hosted the launch and formation of the NCB Volunteer Corps, a group of over 420 employees supported by the Foundation's scholars who eagerly and willingly commit their time and effort to volunteerism through the Foundation's projects.

Medical Assistance

The Princess Margaret Hospital, as part of the Governor General's annual hospital tour, received needed equipment valued at more than $200,000 from the Foundation. Assistance was also given to specially approved individuals facing personal medical issues. Most of these beneficiaries were young children.

Community Activities

Children from Ward 5 at the Bustamante Children's Hospital benefited from the annual treat in the Christmas season. The Office of the Children Advocate was also supported during a treat for children in Clarendon. The May Pen branch staff attended to lend further support. The branches across the island play their role in this area on a large scale. The reintroduction of a branch allocation programme allowed them to directly assist projects in the surrounding communities.

The St. James Parish Church Hall significantly serves the wider St. James community. It is the venue for many outreach programmes, large group feedings and educational sessions. There was, however, a major health risk caused by the asbestos present in the roof. As part

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08 2014 Parish and national Champions of the annual Scholarship and Grant programme. 09 All branches of NCB subsidiary Advantage General Insurance Company gave their time and energy to numerous projects in the communities they serve on Labour Day. 10 + 11 Over 200 energetic NCB Volunteers and NCB Foundation scholars descended on various project sites across the country on Labour Day. Homes were erected for a young teacher in St. Thomas and a St. Ann mother whose home burnt down in partnership with Food for the Poor's, 'Build a Home' initiative. 12 + 13 Members of the NCB Volunteer Corps pitch in to clean the Hellshire

of the general refurbishing project, N.C.B. Foundation donated $500,000 to the asbestos removal.

YOUTH LEADERSHIP & ENTREPRENEURSHIP

Our Foundation, in addition to its educational support, commits to youths through leadership and entrepreneurship programmes. The total commitment was in excess of $1.2 million which is on par with the amount committed in the previous year. Some of the projects for the financial year are below:

University of Technology Business Model Competition

The Joan Duncan School of Entrepreneurship hosted its annual Business Model Competition for students in their final year at the University of Technology. The students presented a feasible business model as part of the competition. N.C.B. Foundation committed prizes to the winners to include partial coverage of the cost of their business incubation period offered at the University.

Spelling Bee Donation

N.C.B. Foundation continued to provide prizes for the top three students in Jamaica's National Spelling Bee Competition under the overall sponsorship provided by the NCB Group.

Edna Manley College of Visual and Performing Arts Summer Programme Donation

The Foundation assisted thirteen youths by paying the full fees for a month long programme exposing them to the performing and visual arts as a means of overall development.

Make Your Mark Conference

N.C.B. Foundation again donated to the conference by way of sponsoring students to take part. The Corporate Communications Manager also spoke at the event. The conference addressed the needs of enterprises and the managers'/team leaders' significant role in adding value.

Over the 10 years since its formal establishment, we have donated in excess of $1 billion through our Foundation. We are proud of our contributions over the years; the support of our business from our stakeholders enabled our ability to give back to the communities in which we serve.


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Bay Beach on International Coastal Clean-up Day. 14 (L-R) Ardenne High's Vice Principal Jacqueline Pinto is all smiles as she receives three wall fans from Darnell Allen, a former student who interned at NCB this summer, and Nichole Brackett Walters, NCB's Marketing Manager. Allen won the donated items for his former school by entering an NCB staff competition. 15 NCB Morant Bay Branch Manager, Neil Campbell (front), carefully lines the wall at the Princess Margaret Hospital Painting project along with other members of the NCB Volunteer Corps.

Our Strategic Outlook 2014-2015

In the 2014/2015 financial year, National Commercial Bank Jamaica Limited ("NCB") will focus on advancing our position as the premier financial institution in the English and Spanish speaking Caribbean.

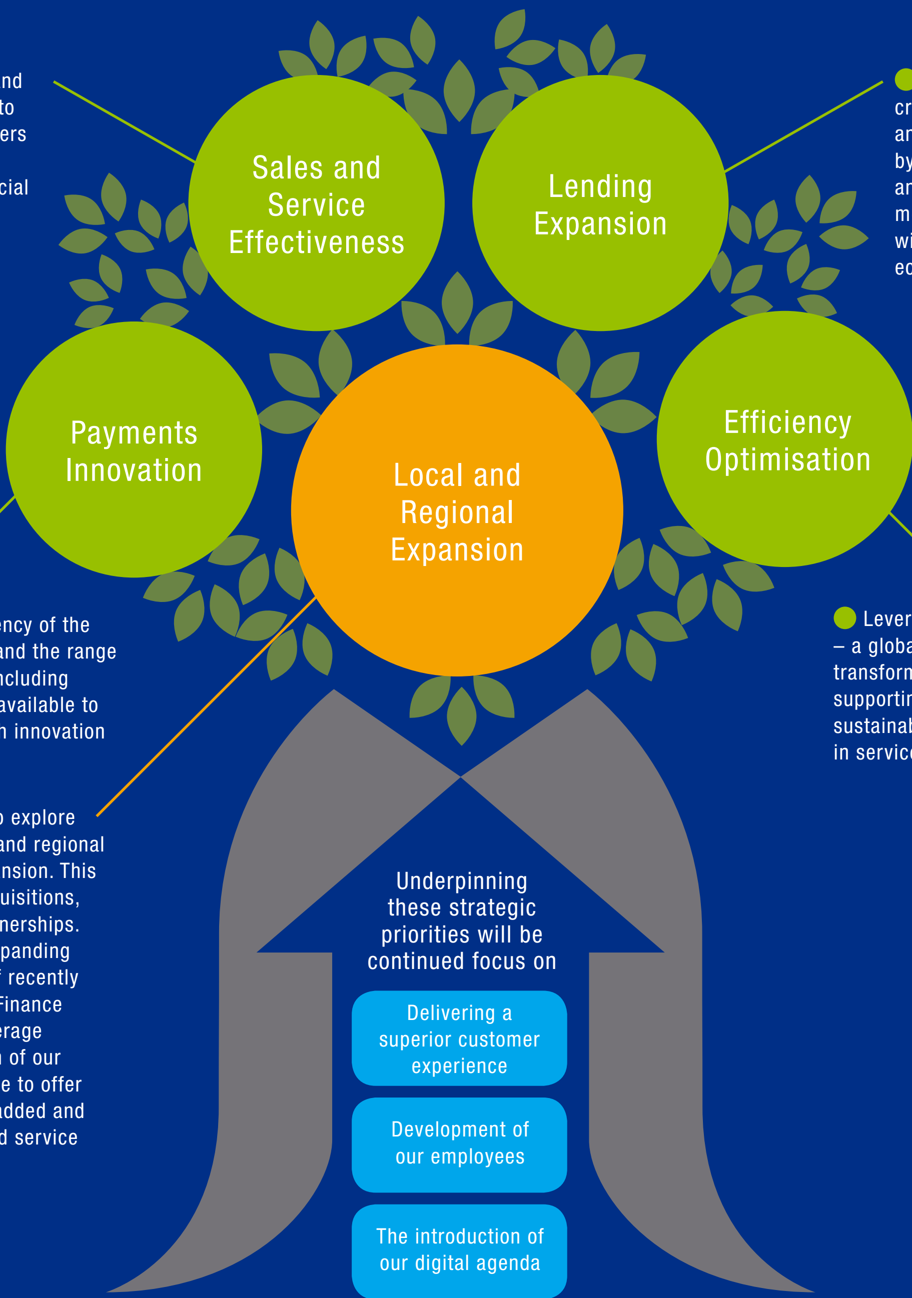
Many years after the global financial crisis, significant headwinds continue to face global banks including

- Rapid technological change
- Increased regulation
- Macroeconomic volatility
- Evolving geographic and competitive boundaries
- Enhanced customer demands

It is within this context that NCB has embarked on its journey toward **Growth through Transformation.**

The degree of environmental change that has occurred and continues to occur requires fundamental business model shifts to maintain relevance and sustain performance. Globally, companies that consistently excel are those that innovate and transform in order to effectively respond to their changing environmental context.

We aim to achieve our aspiration through a mix of **ORGANIC** and **INORGANIC** initiatives.



- Enhance sales and service excellence to ensure that customers are being matched with the right financial solutions with a service level that meets and exceeds their expectations

- Expand the access to credit for our individual and business customers by developing new tools and credit assessment methodologies. This will help to unlock new economic expansion

- Improve the efficiency of the payments landscape and the range of payment options (including mobile technologies) available to our customers through innovation

- Leverage the principles of Lean – a globally adopted discipline – to transform our operating model and supporting processes to generate a sustainable competitive advantage in service quality, cost, and speed

- We will continue to explore value accretive local and regional opportunities for expansion. This may be by way of acquisitions, joint ventures, or partnerships. We look forward to expanding the business model of recently acquired NCB Global Finance in Trinidad and to leverage the breadth and depth of our financial services suite to offer our customers value added and affordable product and service bundles.

Our transformation objectives call for significant changes to the NCB operating model.

To ensure the successful execution of our transformation agenda and sustainability of the results, NCB established a Transformation Office this financial year. The Transformation Office is responsible for monitoring the design and delivery of the group's critical transformation initiatives, supporting the coordination and integration of initiatives across the NCB group, and tracking of major milestones, key performance indicators and impact delivery.

At the core of NCB's focus on growth through transformation is a desire to sustain its performance over the long term for the benefit of all stakeholders - customers, employees, shareholders and citizens. No challenge faced is insurmountable and invariably each challenge always provides an opportunity for innovation to create value. With our aspiration firmly within our grasp, we look forward to another successful financial year.

Financial Statements

September 30, **2014**

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September 30, 2014

Directors Report

September 30, 2014

The directors submit herewith the Consolidated Income Statement of National Commercial Bank Jamaica Limited and its subsidiaries for the year ended September 30, 2014, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	57,422,834
Profit before taxation	14,784,839
Taxation	(3,142,766)
Net profit	11,642,073

Dividends

The following dividends were paid during the year:

- $0.16 per ordinary stock unit was paid in December 2013
- $0.32 per ordinary stock unit was paid in February 2014
- $0.35 per ordinary stock unit was paid in May 2014
- $0.35 per ordinary stock unit was paid in August 2014

Another interim dividend of $0.96 per ordinary stock unit was declared for payment in December 2014. The directors recommend that the Company's final dividend be $1.98, representing the aggregate of the interim dividends declared in 2014.

Directors

During the financial year, the Board of Directors comprised:

- Hon. Michael A. Lee-Chin, OJ - Chairman
- Mr Patrick A.A. Hylton, CD – Group Managing Director
- Mr Dennis G. Cohen – Group Finance and Deputy Managing Director
- Mr Robert W. Almeida
- Mr Wayne C. Chen
- Mrs Sandra A.C. Glasgow
- Mrs Sanya M. Goffe
- Hon. Noel A.A. Hylton, OJ, CD, Hon. LL D
- Mrs Thalia G. Lyn, OD
- Professor Alvin G. Wint

Company Secretary

The Company Secretary is Mr Dave L. Garcia.

Pursuant to Article 95 of the Company's Articles of Incorporation, one third of the Directors (or the number nearest to one third) other than the Managing Director and Deputy Managing Director will retire at the Annual General Meeting and shall then be eligible for re-election.

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board

Dave L. Garcia
Company Secretary

pwc

Independent Auditors' Report

To the Members of
National Commercial Bank Jamaica Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, set out on pages 103 to 248, which comprise the consolidated statement of financial position as at 30 September 2014 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying financial statements of National Commercial Bank Jamaica Limited standing alone, which comprise the statement of financial position as at 30 September 2014 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

C D W Maxwell E A Crawford P E Williams L A McKnight L E Augier A K Jain B L Scott B J Denning
G A Reece P A Williams R S Nathan

National Commercial Bank Jamaica Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, and the financial statements of National Commercial Bank Jamaica Limited standing alone give a true and fair view of the financial position of National Commercial Bank Jamaica Limited and its subsidiaries and of National Commercial Bank Jamaica Limited standing alone as at 30 September 2014, and of their financial performance and cash flows for the year then ended, so far as concerns the members of National Commercial Bank Jamaica Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and company stand alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers.

Chartered Accountants
20 November 2014
Kingston, Jamaica

Consolidated Income Statement

Year ended September 30, 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000
Operating Income			
Interest income		36,899,627	32,810,385
Interest expense		(12,238,960)	(9,251,399)
Net interest income	6	24,660,667	23,558,986
Fee and commission income		10,597,396	9,730,000
Fee and commission expense		(1,930,225)	(1,724,820)
Net fee and commission income	7	8,667,171	8,005,180
Gain on foreign currency and investment activities	8	2,592,645	1,028,030
Premium income	9	6,997,961	5,003,097
Dividend income	10	160,586	228,506
Other operating income		174,619	141,784
		9,925,811	6,401,417
		43,253,649	37,965,583
Operating Expenses			
Staff costs	11	11,523,930	11,226,597
Provision for credit losses	22	2,226,949	2,066,260
Policyholders' and annuitants' benefits and reserves	12	4,397,682	3,812,918
Depreciation and amortisation		1,247,403	1,209,971
Impairment losses on securities	13	200,085	87,136
Other operating expenses	14	10,425,940	9,372,775
		30,021,989	27,775,657
Operating Profit		13,231,660	10,189,926
Negative goodwill on acquisition of subsidiary	48	301,441	-
Share of profit of associates	25	902,696	861,178
Gain on disposal of associate		349,042	-
Profit before Taxation		14,784,839	11,051,104
Taxation	15	(3,142,766)	(2,472,246)
NET PROFIT		11,642,073	8,578,858
Earnings per stock unit (expressed in $)			
Basic and diluted	16	4.73	3.49

Consolidated Statement of Comprehensive Income

Year ended September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014	Restated 2013
	$'000	$'000
Net Profit	11,642,073	8,578,858
Other Comprehensive Income, net of tax -		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	(8,732)	(69,023)
	11,633,341	8,509,835
Items that may be reclassified subsequently to profit or loss		
Currency translation gains	350,724	368,431
Unrealised gains on available-for-sale investments	56,278	436,092
Realised fair value gains on sale and maturity of available-for-sale investments	(181,359)	(508,142)
Realised gains on sale of investment in associate	(308,936)	-
Total other comprehensive income	(83,293)	296,381
TOTAL COMPREHENSIVE INCOME	11,550,048	8,806,216

Consolidated Statement of Financial Position

September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000	Restated 2012 $'000
ASSETS				
Cash in hand and balances at Central Banks	17	29,795,115	24,388,683	24,102,812
Due from other banks	18	20,393,555	19,328,412	13,812,269
Derivative financial instruments	19	581,668	387,304	4,978
Investment securities at fair value through profit or loss	20	523,393	380,755	720,406
Reverse repurchase agreements	21	1,621,798	328,105	408,294
Loans and advances, net of provision for credit losses	22	157,630,000	141,150,312	111,904,854
Investment securities classified as available-for-sale and loans and receivables	23	105,557,761	100,856,119	90,641,280
Pledged assets	24	159,488,612	134,530,695	120,406,671
Investment in associates	25	5,913,804	8,512,251	7,149,680
Investment properties	26	484,500	462,500	12,500
Intangible assets	27	2,463,849	1,837,974	1,135,599
Property, plant and equipment	28	7,313,869	6,438,707	5,231,798
Deferred income tax assets	29	23,390	31,710	19,483
Income tax recoverable		1,184,083	2,173,835	887,577
Customers' liability – letters of credit and undertaking		1,270,160	1,479,108	530,719
Other assets	30	5,099,535	4,288,585	2,466,599
Total Assets		499,345,092	446,575,055	379,435,519

Consolidated Statement of Financial Position

September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000	Restated 2012 $'000
LIABILITIES				
Due to other banks	31	6,336,574	17,410,200	9,324,897
Customer deposits		202,162,392	178,411,021	162,930,350
Repurchase agreements		134,690,626	117,377,395	101,890,449
Obligations under securitisation arrangements	32	13,885,577	10,101,032	2,593,201
Derivative financial instruments	19	52,660	1,437	5,312
Other borrowed funds	33	11,992,819	4,900,592	3,620,012
Income tax payable		92,408	14,299	11,191
Deferred income tax liabilities	29	2,455,791	2,413,121	1,174,408
Liabilities under annuity and insurance contracts	35	34,230,910	33,914,506	25,194,324
Provision for litigation	36	3,053	11,500	17,300
Post-employment benefit obligations	37	2,185,311	1,793,616	1,481,329
Liability – letters of credit and undertaking		1,270,160	1,479,108	530,719
Other liabilities	38	9,373,059	6,778,092	4,766,075
Total Liabilities		418,731,340	374,605,919	313,539,567
EQUITY				
Share capital	39	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	39	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	40	2,407,267	2,490,560	2,194,179
Loan loss reserve	41	5,375,901	5,141,357	4,662,842
Banking reserve fund	42	6,512,634	6,512,634	6,512,634
Retained earnings reserve	43	19,430,000	18,050,657	14,013,657
Retained earnings		40,425,607	33,311,585	32,050,297
Total Equity		80,613,752	71,969,136	65,895,952
Total Equity and Liabilities		499,345,092	446,575,055	379,435,519

Approved for issue by the Board of Directors on November 13, 2014 and signed on its behalf by:

Patrick Hylton — Group Managing Director	Dennis Cohen — Group Finance and Deputy Managing Director
Professor Alvin Wint — Director	Dave Garcia — Company Secretary

Consolidated Statement of Changes in Equity

Year ended September 30, 2014

(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 at September 30, 2012, as previously reported	6,465,731	(3,388)	2,194,179	4,662,842	6,512,634	14,013,657	32,497,666	66,343,321
Restatement on adoption of IAS 19 (Revised) (Note 53)	-	-	-	-	-	-	(447,369)	(447,369)
Balance at September 30, 2012, as restated	6,465,731	(3,388)	2,194,179	4,662,842	6,512,634	14,013,657	32,050,297	65,895,952
Total comprehensive income, as restated	-	-	296,381	-	-	-	8,509,835	8,806,216
Dividends paid	-	-	-	-	-	-	(2,733,032)	(2,733,032)
Transfer to Loan Loss Reserve	-	-	-	478,515	-	-	(478,515)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	4,037,000	(4,037,000)	-
Balance at September 30, 2013, as restated	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,311,585	71,969,136
Total comprehensive income	-	-	(83,293)	-	-	-	11,633,341	11,550,048
Dividends paid	-	-	-	-	-	-	(2,905,432)	(2,905,432)
Transfer to Loan Loss Reserve	-	-	-	234,544	-	-	(234,544)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,379,343	(1,379,343)	-
Balance at September 30, 2014	6,465,731	(3,388)	2,407,267	5,375,901	6,512,634	19,430,000	40,425,607	80,613,752

Consolidated Statement of Cash Flows

Year ended September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000
Cash Flows from Operating Activities			
Net profit		11,642,073	8,578,858
Adjustments to reconcile net profit to net cash provided by operating activities		24,688,903	1,212,865
Net cash provided by operating activities	44	36,330,976	9,791,723
Cash Flows from Investing Activities			
Acquisition of subsidiary, net of cash acquired	48	306,105	(2,883,959)
Acquisition of property, plant and equipment	28	(1,737,437)	(1,048,233)
Acquisition of intangible asset – computer software	27	(1,032,921)	(679,403)
Proceeds from disposal of property, plant and equipment		79,395	44,297
Proceeds from disposal of associate	25	2,933,386	-
Dividends received from associates	25	230,127	194,355
Purchases of investment securities		(116,014,128)	(189,087,914)
Sales/maturities of investment securities		76,889,729	176,595,236
Net cash used in investing activities		(38,345,744)	(16,865,621)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		2,647,893	9,640,592
Repayments under securitisation arrangements		-	(2,813,066)
Proceeds from other borrowed funds		7,904,901	2,226,314
Repayments of other borrowed funds		(1,020,282)	(1,122,126)
Due to other banks		(7,919,014)	5,313,864
Dividends paid		(2,905,432)	(2,733,032)
Net cash (used in)/provided by financing activities		(1,291,934)	10,512,546
Effect of exchange rate changes on cash and cash equivalents		2,991,294	3,856,575
Net (decrease)/increase in cash and cash equivalents		(315,408)	7,295,223
Cash and cash equivalents at beginning of year		28,561,967	21,266,744
Cash and Cash Equivalents at End of Year		28,246,559	28,561,967
Comprising:			
Cash in hand and balances at Central Banks	17	6,961,360	3,996,482
Due from other banks	18	20,147,323	19,145,629
Reverse repurchase agreements	21	1,008,500	322,809
Investment securities	23	2,765,182	10,887,465
Due to other banks	31	(2,635,806)	(5,790,418)
		28,246,559	28,561,967

Income Statement

Year ended September 30, 2014
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000
Operating Income			
Interest income		26,127,855	22,911,521
Interest expense		(7,712,629)	(5,086,566)
Net interest income	6	18,415,226	17,824,955
Fee and commission income		9,115,633	8,460,844
Fee and commission expense		(1,930,225)	(1,724,820)
Net fee and commission income	7	7,185,408	6,736,024
Gain/(loss) on foreign currency and investment activities	8	1,013,915	(433,142)
Dividend income	10	1,877,943	2,234,210
Other operating income		141,610	128,387
		3,033,468	1,929,455
		28,634,102	26,490,434
Operating Expenses			
Staff costs	11	9,531,853	9,780,135
Provisio for credit losses	22	2,230,406	2,066,260
Depreciation and amortisation		1,082,346	1,095,061
Other operating expenses	14	8,376,294	7,907,111
		21,220,899	20,848,567
Operating profit		7,413,203	5,641,867
Gain on disposal of associate		1,796,456	-
Profit before taxation		9,209,659	5,641,867
Taxation	15	(1,361,327)	(998,474)
NET PROFIT		7,848,332	4,643,393

Statement of Comprehensive Income

Year ended September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014	Restated 2013
	$'000	$'000
Net Profit	7,848,332	4,643,393
Other Comprehensive Income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurement of the post-employment benefit obligations	(210,372)	(42,340)
	7,637,960	4,601,053
Items that may be reclassified subsequently to profit or loss		
Unrealised gains/(losses) on available-for-sale investments	530,007	(160,761)
Realised fair value (gains)/losses on sale and maturity of available-for-sale investments	(277,378)	471,949
Total other comprehensive income	252,629	311,188
TOTAL COMPREHENSIVE INCOME	7,890,589	4,912,241

Statement of Financial Position

September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000	Restated 2012 $'000
ASSETS				
Cash in hand and balances at Central Bank	17	29,684,148	24,377,531	24,097,645
Due from other banks	18	19,034,879	18,787,758	13,323,806
Derivative financial instruments	19	529,008	387,304	4,978
Reverse repurchase agreements	21	1,471,326	760,724	565,719
Loans and advances, net of provision for credit losses	22	156,335,868	140,443,240	111,164,129
Investment securities classified as available-for-sale and loans and receivables	23	38,751,595	36,537,858	44,629,556
Pledged assets	24	79,113,242	57,556,696	42,852,578
Investment in associates	25	2,208,203	2,679,737	2,679,737
Investment in subsidiaries		1,609,609	1,609,609	1,609,609
Intangible assets	27	1,707,191	1,207,893	1,092,379
Property, plant and equipment	28	6,315,122	5,564,391	5,211,299
Income tax recoverable		288,037	1,157,263	297,796
Customers' liability – letters of credit and undertaking		1,270,160	1,479,108	530,719
Other assets	30	4,240,351	2,789,447	2,261,094
Total Assets		342,558,739	295,338,559	250,321,044

Statement of Financial Position

September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000	Restated 2012 $'000
LIABILITIES				
Due to other banks	31	12,630,290	21,430,317	11,716,825
Customer deposits		198,715,823	179,099,655	160,834,084
Repurchase agreements		50,146,739	30,271,641	27,712,425
Obligations under securitisation arrangements	32	13,885,577	10,101,032	2,593,201
Derivative financial instruments	19	-	1,437	5,312
Other borrowed funds	33	8,235,730	2,985,250	2,153,512
Deferred tax liabilities	29	2,274,191	2,176,182	965,402
Provision for litigation	36	3,053	11,500	17,300
Post-employment benefit obligations	37	2,098,933	1,702,720	1,481,329
Liability – letters of credit and undertaking		1,270,160	1,479,108	530,719
Other liabilities	38	7,739,326	5,500,609	3,905,961
Total Liabilities		296,999,822	254,759,451	211,916,070
EQUITY				
Share capital	39	6,465,731	6,465,731	6,465,731
Fair value and capital reserves	40	165,261	(87,368)	(398,556)
Loan loss reserve	41	5,375,901	5,141,357	4,662,842
Banking reserve fund	42	6,512,634	6,512,634	6,512,634
Retained earnings reserve	43	19,430,000	18,050,657	14,013,657
Retained earnings		7,609,390	4,496,097	7,148,666
Total Equity		45,558,917	40,579,108	38,404,974
Total Equity and Liabilities		342,558,739	295,338,559	250,321,044

Approved for issue by the Board of Directors on November 13, 2014 and signed on its behalf by:

Patrick Hylton — Group Managing Director	Dennis Cohen — Group Finance and Deputy Managing Director
Professor Alvin Wint — Director	Dave Garcia — Company Secretary

Statement of Changes in Equity

Year ended September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at September 30, 2012, as previously reported	6,465,731	(398,556)	4,662,842	6,512,634	14,013,657	7,596,035	38,852,343
Restatement on adoption of the revised IAS 19 (Revised) (Note 53)	-	-	-	-	-	(447,369)	(447,369)
Balance at September 30, 2012, as restated	6,465,731	(398,556)	4,662,842	6,512,634	14,013,657	7,148,666	38,404,974
Total comprehensive income, as restated	-	311,188	-	-	-	4,601,053	4,912,241
Dividends paid	-	-	-	-	-	(2,738,107)	(2,738,107)
Transfer to Loan Loss Reserve	-	-	478,515	-	-	(478,515)	-
Transfer to Retained Earnings Reserve	-	-	-	-	4,037,000	(4,037,000)	-
Balance at September 30, 2013, as restated	6,465,731	(87,368)	5,141,357	6,512,634	18,050,657	4,496,097	40,579,108
Total comprehensive income	-	252,629	-	-	-	7,637,960	7,890,589
Dividends paid	-	-	-	-	-	(2,910,780)	(2,910,780)
Transfer to Loan Loss Reserve	-	-	234,544	-	-	(234,544)	-
Transfer to Retained Earnings Reserve	-	-	-	-	1,379,343	(1,379,343)	-
Balance at September 30, 2014	6,465,731	165,261	5,375,901	6,512,634	19,430,000	7,609,390	45,558,917

Statement of Cash Flows

Year ended September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 $'000	Restated 2013 $'000
Cash Flows from Operating Activities			
Net profit		7,848,332	4,643,393
Adjustments to reconcile net profit to net cash provided by operating activities		21,861,122	(8,741,134)
Net cash provided by/(used in) operating activities	44	29,709,454	(4,097,741)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	28	(1,531,386)	(987,114)
Acquisition of intangible asset – computer software	27	(818,046)	(622,388)
Proceeds from disposal of associate		2,267,990	-
Proceeds from disposal of property, plant and equipment		53,155	44,657
Purchases of investment securities		(50,075,761)	(76,079,052)
Sales/maturities of investment securities		22,017,497	68,441,112
Net cash used in investing activities		(28,086,551)	(9,202,785)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		2,647,894	9,640,592
Repayments under securitisation arrangements		-	(2,813,066)
Proceeds from other borrowed funds		5,805,721	1,520,738
Repayments of other borrowed funds		(666,086)	(815,209)
Due to other banks		(4,742,214)	9,465,556
Dividends paid		(2,910,780)	(2,738,107)
Net cash provided by financing activities		134,535	14,260,504
Effect of exchange rate changes on cash and cash equivalents		2,543,644	3,720,123
Net increase in cash and cash equivalents		4,301,082	4,680,101
Cash and cash equivalents at beginning of year		22,631,499	17,951,398
Cash and Cash Equivalents at End of Year		26,932,581	22,631,499
Comprising:			
Cash in hand and balances at Central Bank	17	6,948,847	3,985,330
Due from other banks	18	18,788,647	18,604,975
Reverse repurchase agreements	21	40,000	145,890
Investment securities	23	2,749,182	5,410,539
Due to other banks	31	(1,594,095)	(5,515,235)
		26,932,581	22,631,499

(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 46.82% (2013 – 50.48%) subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Bank.

The Bank's registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Bank's ordinary stock units are 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", are as follows:

	Principal Activities	Percentage Ownership by The Group	
		2014	**2013**
Data-Cap Processing Limited	Security Services	100	100
Mutual Security Insurance Brokers Limited *	Insurance Brokerage Services	100	100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services	100	100
Advantage General Insurance Company Limited	General Insurance	100	100
NCB Capital Markets (Cayman) Limited	Securities Dealing	100	100
NCB Global Finance Limited (formerly AIC Finance Limited)	Merchant Banking	100	Nil
NCB (Cayman) Limited	Commercial Banking	100	100
NCB Investments (Cayman) Limited (formerly NCB Remittance Services (Cayman) Limited)	Dormant	100	100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services	100	100
N.C.B. (Investments) Limited	Dormant	100	100
N.C.B. Jamaica (Nominees) Limited*	Registrar Services	100	100
NCB Remittance Services (Jamaica) Limited*	Money Remittance Services	100	100
NCB Remittance Services (UK) Limited	Money Remittance Services	100	100
West Indies Trust Company Limited	Trust and Estate Management Services	100	100
NCB Employee Share Scheme	Dormant	100	100

*These subsidiaries ceased their principal activities during the year.

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, NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom and NCB Global Finance Limited which is incorporated in Trinidad and Tobago.

Acquisition of NCB Global Finance Limited (formerly AIC Finance Limited)
NCB Capital Markets Limited acquired the entire issued share capital of NCB Global Finance Limited (formerly AIC Finance Limited) in December 2013 (Note 48).

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

The Group's associates, which are all incorporated in Jamaica, are as follows:

	Principal Activities	Percentage ownership by The Group	
		2014	2013
Dyoll Group Limited	In Liquidation	44.47	44.47
Elite Diagnostic Limited	Medical Imaging Services	29.61	29.61
Jamaica Money Market Brokers Limited	Securities Dealer and Stock Brokerage Services	26.30	26.30
Kingston Properties Limited	Ownership of real estate properties	25.17	25.17
Kingston Wharves Limited	Wharf Operations and Stevedoring	Nil	32.59

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities, investment securities at fair value through profit or loss, derivative contracts and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations:

IAS 19 (Revised), 'Employee Benefits', (effective for annual periods beginning on or after 1 January 2013). IAS 19 (Revised) amends the accounting for employment benefits to require the immediate recognition of all past service costs which were previously deferred over the period of vesting. It also eliminates the 'corridor approach' and requires that all actuarial gains and losses are recognised immediately in other comprehensive income. The revised standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. The Group adopted the new standard effective 1 October 2013. The impact of adoption of the standard is set out in Note 53.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Annual Improvements 2011, (effective for annual periods beginning on or after 1 January 2013). The IASB issued its Annual Improvements to IFRSs 2009 – 2011 Cycle in May 2012, which amended a number of standards. The amendment to *IAS 1, 'Presentation of Financial Statements'* clarifies that when additional comparative information is provided in the financial statements on a voluntary basis, this information must also be presented in the related notes for that additional information. As a consequence of the amendment to *IAS 16, 'Property, Plant and Equipment,'* servicing equipment is recognised as property, plant and equipment or as inventory depending on its expected useful life. The amendment to *IAS 32, 'Financial Instruments: Presentation'* clarifies that the tax effect of distributions to holders of an equity instrument and the transaction costs of an equity transaction must be accounted for in accordance with IAS 12. Pursuant to the amendment to *IAS 34, 'Interim Financial Reporting,'* information on segment assets and liabilities is only required to be disclosed if such information is regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. There was no significant impact from adoption of these new requirements during the year.

IFRS 10, 'Consolidated Financial Statements', (effective for annual periods beginning on or after 1 January 2013). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and Separate Financial Statements', and SIC-12, 'Consolidation − Special Purpose Entities'. IAS 27 (Revised) is now renamed 'Separate Financial Statements'. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. There was no significant impact from adoption of the new standard during the year.

IFRS 11, 'Joint Arrangements', (effective for annual periods beginning on or after 1 January 2013). IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangements, rather than their legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group does not currently have any joint arrangements that fall within the recognition criteria of this standard.

IFRS 12, 'Disclosure of Interests in Other Entities', (effective for annual periods beginning on or after 1 January 2013). IFRS 12 requires entities to disclose information that helps financial statement users to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities and off-balance sheet vehicles. The additional disclosures required by this standard have been provided in these financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in *IFRS 7, 'Financial instruments: Disclosures'*, but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The additional disclosures required by this standard have been provided in these financial statements

IAS 28 (Revised), 'Investments in Associates and Joint Ventures', (effective for annual periods beginning on or after 1 January 2013). IAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. There was no significant impact from adoption of the new standard during the year

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', (effective for annual periods beginning on or after 1 January 2013). This amendment requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. There was no significant impact from adoption of the new standard during the year

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace *IAS 39 'Financial Instruments: Recognition and Measurement'*, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9, 'Financial Instruments' (continued)
Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The classification and measurement of investments in debt securities is driven by the entity's business model for managing the financial assets and the contractual characteristics and will result in one of the following three classifications: amortised cost, fair value through OCI ('FVOCI') or fair value through profit or loss ('FVPL').

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group is still assessing the potential impact of adoption and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The Group expects the following impacts following adoption of the standard.

The Group expects that, in many instances, the classification and measurement outcomes will be similar to IAS 39, although differences may arise, for example, since IFRS 9 does not apply embedded derivative accounting to financial assets. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39.Regarding credit loss provisioning, the Group expects that, as a result of the recognition and measurement of impairment under IFRS 9 being more forward-looking than under IAS 39, the resulting impairment charge may tend to be more volatile.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9, 'Financial Instruments' (continued)
It may also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

The Group does not currently adopt hedge accounting but may consider doing so in future under the simplifications under the new standard.

IAS 32 (Amendment), 'Financial Instruments: Presentation', (effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The standard clarified that a qualifying right of set off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

Amendments to IFRS 10, IFRS 12 and IAS 27 – 'Investment Entities', (effective for annual periods beginning 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity is required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

IFRIC 21, 'Levies', (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 addresses the accounting for a liability to pay a levy recognised in accordance with *IAS 37, 'Provisions'*, and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of *IAS 12, 'Income taxes'*. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognised when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached. The Group will apply this interpretation effective 1 October 2014. The Group has recognised a liability for asset-based taxes progressively during the year with full recognition at 30 September 2014 of amounts that will become due and payable in March 2015. Following adoption, the Group will defer recognition of the liability until 1 October 2014 which has been determined to be the trigger date under the Assets Tax (Specified Bodies) Act in Jamaica.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRIC 21, 'Levies' (continued)
The financial effects of adoption will be a reduction of other liabilities at 30 September 2014 of approximately $1,233 million for the Group and $736 million for the Bank and an increase in net profit of approximately $568 million for the Group and $370 million for the Bank for the year ended September 30, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36), (effective for annual periods beginning on or after 1 January 2014). The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognised or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. The future adoption of these amendments may result in additional disclosure relating to impairments or reversals of impairments.

IAS 19 (Amendment) – 'Defined Benefit Plans: Employee Contributions', (effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

Annual Improvements 2012, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to a number of standards, the following of which may be relevant to the Group's operations. IFRS 3 was amended to clarify that (i) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (ii) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (i) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Annual Improvements 2013, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following may be relevant to the Group's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The Group will apply the standard effective 1 October 2014 but does not expect any significant impact from its adoption.

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

***Amendments to IAS 27*, 'Separate Financial Statements'** (effective for annual periods beginning 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is currently assessing whether to use the equity method in separate financial statements of the Bank.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

(b) Basis of consolidation

Subsidiaries

Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds less than majority of voting power in an entity. In such a case, the Group assesses the size of its of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. Protective rights of other investors, such as those that relate to fundamental changes in the entities activities or apply only in exceptional circumstances, do not prevent the Group from controlling an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Subsidiaries

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Bank's standalone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The results of associates with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

In the Bank's standalone financial statements, investments in associates are accounted for at cost less impairment.

2. Significant Accounting Policies (Continued)

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the Group Managing Director.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the Bank's functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

2. Significant Accounting Policies (Continued)

(e) Revenue recognition

Interest income and expense

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group accounts for interest income on loans in accordance with Jamaican banking regulations. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(t).

Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Significant Accounting Policies (Continued)

(f) Income taxes

Taxation expense in the income statement comprises current and deferred income tax charges.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently and enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), due from other banks, investment securities and due to other banks.

(h) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

2. Significant Accounting Policies (Continued)

(i) Repurchase and reverse repurchase transactions

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

(j) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the requirements of IFRS

The Group continuously monitors loans or groups of loans for indicators of impairment. In the event that indicators are present, the loans or groups of loans are tested for impairment. A provision for credit losses is established if there is objective evidence of impairment. A loan or group of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event has reduced the estimated future cash flows of the loan and the amount of the reduction can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the obligor;
(ii) default or delinquency in interest or principal payments;
(iii) having to grant the borrower a concession that would not otherwise be considered due to the borrower's financial difficulty;
(iv) the probability that the borrower will enter bankruptcy or other financial reorganisation; or
(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans, although the decrease cannot yet be identified with the individual loan in the portfolio, including:
    a) adverse changes in the payment status of borrowers in the portfolio; and
    b) national or local economic conditions that correlate with defaults on the loan portfolio.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. For accounting purposes, the carrying amount of the loan is reduced through the use of a provision for credit losses account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers loan type, industry, collateral type and past-due status). Those characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

2. Significant Accounting Policies (Continued)

(j) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the requirements of IFRS (continued)
Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the group. Losses over the preceding 12 months are used as a baseline to determine historical loss experience for loans with credit risk characteristics similar to those in the group. This historical loss experience is then adjusted, if necessary, to reflect broader economic trends over the most recent 24-month period with a 36-month look back period used on the highest risk portfolios. Finally, applicable adjustments are made on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data and our assessment of changes in the economy from period to period (for example, changes in unemployment levels, property and motor vehicle prices, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is deemed uncollectible, it is written off against the related provision for credit losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the provision for credit losses. The amount of the reversal is recognised in the income statement.

Provision for credit losses determined under the Bank of Jamaica regulatory requirements
The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to reserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders’ equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a “specific provision”, a “special provision” and a “general provision”. The specific and special provisions are determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

2. Significant Accounting Policies (Continued)

(k) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the Bank of Jamaica regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

In respect of loans that are considered sub-standard for reasons other than being non-performing, a special provision is established for the greater of 1% of the amounts outstanding or 20% of the estimated net loss.

A general provision is established for all loans (other than loans for which specific and special provisions were established) at 1% of the amounts outstanding.

(l) Investment securities

Investment securities are classified into the following categories: investment securities at fair value through profit or loss, available-for-sale securities and loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at fair value through profit or loss is recognised in interest income. All other realised and unrealised gains and losses are included in gain on foreign currency and investment activities.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in other comprehensive income. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in other comprehensive income are transferred to the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than: (i) those financial assets that the Group intends to sell immediately or in the short term, which are classified as held for trading, and (ii) those financial assets that the entity upon initial recognition, designates as at fair value through profit or loss or that it has designated as available-for-sale.

2. Significant Accounting Policies (Continued)

(l) Investment securities (continued)

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets are assessed at each date of the statement of financial position for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised on the equity instruments are not reversed through the income statement.

All purchases and sales of investment securities are recognised at settlement date.

Investment securities are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(m) Investment property

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. The property is not occupied by the Group.

Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

2. Significant Accounting Policies (Continued)

(n) Intangible assets

Computer software

Costs that are directly associated with acquiring and developing identifiable and unique software products are recognised as intangible assets. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of five years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Customer relationships and trade name

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twenty years.

(o) Property, plant and equipment

Land and buildings are shown at deemed cost less impairment losses, and less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

Freehold buildings	2%
Leasehold improvements	Period of lease
Computer equipment	20 - 33 1/3%
Office equipment and furniture	20%
Other equipment	5 - 7%
Motor vehicles	20 - 25%
Leased assets	Shorter of period of lease or useful life of asset

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the income statement.

(p) Impairment of long lived assets

Property, plant and equipment and intangibles are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of the assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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2. Significant Accounting Policies (Continued)

(q) Financial liabilities

The Group's financial liabilities comprise primarily amounts due to other banks, customer deposits, repurchase agreements, obligations under securitisation arrangements, other borrowed funds and policyholders' liabilities.

The recognition and measurement of policyholders' liabilities is detailed in Note 2(t); other financial liabilities are measured at amortised cost.

(r) Borrowings

Borrowings, including those arising under securitisation arrangements, are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(s) Structured products

Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at fair value through the income statement (Note 34). The non-derivative elements are stated at amortised cost using the effective interest method.

(t) Leases

As lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged in the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged in the income statement on a straight-line basis over the period of the lease.

As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. Significant Accounting Policies (Continued)

(u) Insurance and investment contracts – classification, recognition and measurement

Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Recognition and measurement

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short duration insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), and group life insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the Road Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect on the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on inforce contracts that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the date of the statement of financial position calculated principally using the twenty-fourths method. Unearned premiums relating to group life are calculated based on 25% of net premiums written.

2. Significant Accounting Policies (Continued)

(u) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Short duration insurance contracts (continued)

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising from these revisions are recognised within claims expense in the current year.

Long duration insurance contracts

The accounting treatment of long duration contracts differs according to whether the contract bears investment options or not.

For long duration contracts that do not bear investment options, premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when incurred.

A liability for policyholders' benefits that are expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

For long duration contracts that bear investment options, insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of fees deducted for policy administration, mortality and surrenders and interest credited is treated as an expense.

Long duration insurance contract liabilities are recalculated by independent actuaries at each statement of financial position date using the Policy Premium Method and the change in the liability is recognised in the income statement.

Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year. Benefits and claims payable represent the gross cost of all claims notified but not settled on the date of the statement of financial position. Any reinsurance recoverable is shown separately as a receivable.

Policyholders' benefits

Maturities and annuities are accounted for when due. Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified. Differences between the estimated claims and subsequent settlements are recognised in the income statement in year of settlement.

2. Significant Accounting Policies (Continued)

(u) Insurance and investment contracts – classification, recognition and measurement (continued)

Liability adequacy test

At the date of the statement of financial position, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the income statement and the amount of the relevant insurance liabilities is increased.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group periodically assesses its reinsurance assets for impairment. If there is objective evidence that a reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

(v) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2. Significant Accounting Policies (Continued)

(w) Post-employment benefits

Pension benefits

The Bank and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined benefit and defined contribution plans.

Defined benefit pension plans

A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Defined contribution pension plans

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the benefits relating to employee service in the current and prior periods. The contributions are charged to the income statement in the period to which they relate.

Other post-employment benefit obligations

The Bank provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

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2. Significant Accounting Policies (Continued)

(w) Post-employment benefits (continued)

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

(x) Acceptances, guarantees, indemnities, letters of credit and undertakings

Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

(i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and

(ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where the Bank's obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

Where the Bank's obligations are considered to be contingent, the amounts are disclosed in Note 52.

(y) Share capital

Share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

Where the Employee Share Scheme purchases the Bank's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Bank's stockholders until the shares are cancelled, reissued or disposed of. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Bank's stockholders.

(z) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other third parties. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Estimates of future benefit payments and premiums arising from long duration insurance contracts

The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position using the Policy Premium Method. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. The Policy Premium Method of valuation is based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its life insurance policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The ultimate liability arising from claims made under insurance contracts

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Future obligations for post-employment benefits

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

Purchase price allocation of a business combination

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

As prescribed by IFRS 3 (revised), if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination is effected, the acquirer must account for the business combination using those provisional values and has a twelve month period from the acquisition date to complete the purchase price allocation. Any adjustment of the carrying amount of an identifiable asset or liability made as a result of completing the initial accounting is accounted for as if its fair value at the acquisition date had been recognised from that date. The purchase price allocation for the acquisition of NCB Global Finance Limited (formerly AIC Finance Limited) has been provisionally determined as described in Note 48.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Interests in structured entities

During the year, the Group launched a Unit Trust Scheme comprising three portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio and the Caribbean Equity Portfolio. The Unit Trust has an independent trustee. The Group is the investment manager of the Unit Trust. Determining whether the Group controls the Unit Trust requires judgement. This would include a consideration of the investors' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Trust.

The Group as investment manager earns income from preliminary charges ranging from 0-4% and management fees ranging from 1.5-1.75% on these Unit Trust portfolios and the Group owns 2% of the units in the Unit Trust at September 30, 2014.

In addition, pending the availability of investments consistent with the investment objective of each portfolio, a significant portion of the Unit Trust funds are invested in cash equivalent instruments issued by the Group. These are short-term fixed rate instruments with maturities of 90 days or less, collateralised by Government of Jamaica securities, that face an insignificant risk of changes in fair value. The interest margin earned by the Group on these instruments is immaterial to the results of its operations.

Management has concluded that, although the contractual terms provide the Group with power over the Unit Trust, the Group is acting as an agent for the investors in the Unit Trust as management does not consider the Group's aggregate interest in the Unit Trust to be significant. Management does not believe that the investment of Unit Trust funds in cash equivalent instruments issued by the Group changes this conclusion as (i) this investment is intended to be temporary and not representative of the Unit Trust's purpose or investment objective (ii) the investment is in cash equivalent instruments subject to an insignificant risk of changes in fair value that bear interest at market rates and (iii) the investment does not expose the Group to any additional variability of returns from the Unit Trust beyond its insignificant aggregate interest through fees and unit holdings. The Unit Trust has therefore not been consolidated.

4. Responsibilities of the Appointed Actuaries and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the Insurance Act, appoint the Actuaries. Their responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuations using the Policy Premium Method, the Actuaries make assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The shareholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the Appointed Actuaries and their report on the policyholders' liabilities.

5. Segment Reporting

The Group is organised into the following business segments:

(a) Retail & SME – This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.

(b) Payment services – This incorporates the provision of card related services

(c) Corporate banking – This incorporates the provision of banking services to large corporate clients.

(d) 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.

(e) Wealth, asset management & investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.

(f) Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

(h) The Group's insurance brokerage services, trustee services and registrar and transfer agent services are classified as Other for segment reporting.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas account for less than 10% of the Group's external operating revenue, assets and capital expenditure.

Unallocated assets and liabilities
Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Bank that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses
Costs incurred by the support units of the Bank are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the Group Managing Director and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations
Eliminations comprise inter-company and inter-segment transactions.

Notes to the Financial Statements

September 30, 2014
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2014	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	14,368,876	8,525,518	4,746,805	8,494,666	9,026,591	6,089,227	6,128,268	42,885	-	57,422,836
Revenue from other segments	2,452,092	-	49,121	3,063,267	1,026,398	136,468	45,405	97,135	(6,869,886)	-
Total revenue	16,820,968	8,525,518	4,795,926	11,557,933	10,052,989	6,225,695	6,173,673	140,020	(6,869,886)	57,422,836
Interest income	13,295,698	3,271,276	4,299,358	10,192,930	8,242,586	3,002,781	712,291	30,181	(6,148,016)	36,899,085
Interest expense	(1,954,760)	(1,201,088)	(2,794,574)	(6,650,298)	(4,817,974)	(942,619)	-	(157)	6,148,016	(12,213,454)
Net interest income	11,340,938	2,070,188	1,504,784	3,542,632	3,424,612	2,060,162	712,291	30,024	-	24,685,631
Net fee and commission income	3,182,190	3,279,796	434,265	238,324	214,623	1,063,821	157,679	50,974	(83,409)	8,538,263
Gain on foreign currency and investment activities	169,349	15,456	46,020	854,405	1,492,984	114,549	46,920	2,083	(151,396)	2,590,370
Premium income	-	-	-	-	-	1,995,203	5,210,953	-	(208,195)	6,997,961
Other operating income	40,664	7,220	3,490	264,848	101,031	49,341	45,830	56,780	(322,644)	246,560
Total operating income	14,733,141	5,372,660	1,988,559	4,900,209	5,233,250	5,283,076	6,173,673	139,861	(765,644)	43,058,785
Staff costs	5,225,703	396,999	207,585	134,651	567,013	516,288	788,465	86,362	(36,954)	7,886,112
Provision for credit losses	959,678	863,136	396,467	-	(3,457)	-	-	-	-	2,215,824
Depreciation and amortisation	162,472	124,858	7,522	59,669	18,796	6,347	66,604	1,400	71,642	519,310
Impairment losses on securities	-	-	-	-	200,085	-	-	-	-	200,085
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,233,069	3,164,613	-	-	4,397,682
Other operating expenses	2,261,872	1,571,590	520,927	772,564	834,985	631,331	876,626	23,595	(342,372)	7,151,118
Total operating expenses	8,609,725	2,956,583	1,132,501	966,884	1,617,422	2,387,035	4,896,308	111,357	(307,684)	22,370,131
Operating profit before allocated costs	6,123,416	2,416,077	856,058	3,933,325	3,615,828	2,896,041	1,277,365	28,504	(457,960)	20,688,654
Allocated costs	(4,558,835)	(704,095)	(354,517)	(231,456)	-	-	-	-	-	(5,848,903)
Operating profit c/fwd	1,564,581	1,711,982	501,541	3,701,869	3,615,828	2,896,041	1,277,365	28,504	(457,960)	14,839,751

5. Segment Reporting (Continued)

Year ended September 30, 2014	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	1,564,581	1,711,982	501,541	3,701,869	3,615,828	2,896,041	1,277,365	28,504	(457,960)	14,839,751
Unallocated corporate expenses										(1,608,091)
Negative goodwill on acquisition of subsidiary										301,441
Share of profit of associates										902,696
Gain on disposal of associate										349,042
Profit before Taxation										14,784,839
Taxation										(3,142,766)
Net Profit										11,642,073
Segment assets	159,277,187	16,081,788	65,364,477	169,365,676	132,482,665	37,999,615	11,640,907	973,409	(105,026,623)	488,159,101
Associates										5,913,804
Unallocated assets										5,272,187
Total assets										499,345,092
Segment liabilities	148,461,696	10,896,573	57,320,888	149,070,675	112,418,574	27,131,746	7,763,362	164,870	(97,886,479)	415,341,905
Unallocated liabilities										3,389,435
Total liabilities										418,731,340
Capital expenditure	1,626,139	448,531	61,754	53,583	106,386	300,183	153,880	19,902	-	2,770,358

5. Segment Reporting (Continued)

Year ended September 30, 2014	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Interest income	36,899,085	428	114	36,899,627
Interest expense	(12,213,454)	(20,181)	(5,325)	(12,238,960)
Net fee and commission income	8,538,263	101,992	26,916	8,667,171
Gain on foreign currency and investment activities	2,590,370	2,275	-	2,592,645
Premium income	6,997,961	-	-	6,997,961
Other operating income and dividend income	246,560	70,135	18,510	335,205
Staff costs	(7,886,112)	(2,880,273)	(757,545)	(11,523,930)
Provision for credit losses	(2,215,824)	(8,797)	(2,328)	(2,226,949)
Depreciation and amortisation	(519,310)	(576,067)	(152,026)	(1,247,403)
Impairment losses on securities	(200,085)	-	-	(200,085)
Policyholders' and annuitants' benefits and reserves	(4,397,682)	-	-	(4,397,682)
Other operating expenses	(7,151,118)	(2,538,415)	(736,407)	(10,425,940)
Negative goodwill on acquisition of subsidiary	301,441	-	-	301,441
Share of profit of associates	902,696	-	-	902,696
Gain on disposal of associate	349,042	-	-	349,042
	22,241,833	(5,848,903)	(1,608,091)	14,784,839

5. Segment Reporting (Continued)

Year ended September 30, 2013 Restated	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	13,724,403	7,206,123	4,099,787	6,120,409	8,294,769	5,473,071	3,941,207	82,033	-	48,941,802
Revenue from other segments	2,275,890	-	1,632	2,019,757	835,031	63,326	8,880	66,341	(5,270,857)	-
Total revenue	16,000,293	7,206,123	4,101,419	8,140,166	9,129,800	5,536,397	3,950,087	148,374	(5,270,857)	48,941,802
Interest income	12,354,290	2,660,109	3,591,925	8,308,455	7,786,785	2,686,633	318,296	32,732	(4,929,673)	32,809,552
Interest expense	(1,344,116)	(707,045)	(1,982,649)	(5,189,693)	(4,111,737)	(996,880)	-	(411)	4,929,673	(9,402,858)
Net interest income	11,010,174	1,953,064	1,609,276	3,118,762	3,675,048	1,689,753	318,296	32,321	-	23,406,694
Net fee and commission income	3,303,019	2,774,684	459,881	190,524	114,803	948,269	99,395	88,146	(92,727)	7,885,994
Gain on foreign currency and investment activities	178,981	13,196	35,895	(583,362)	1,078,030	220,661	87,519	(17,913)	12,045	1,025,052
Premium income	-	-	-	-	-	1,619,543	3,415,536	-	(31,982)	5,003,097
Other operating income	63,406	17,026	4,047	218,936	147,162	61,291	29,341	45,407	(260,382)	326,234
Total operating income	14,555,580	4,757,970	2,109,099	2,944,860	5,015,043	4,539,517	3,950,087	147,961	(373,046)	37,647,071
Staff costs	5,237,342	312,626	245,565	129,016	428,858	481,876	453,498	73,459	(34,315)	7,327,925
Provision for credit losses	1,384,905	659,960	63,969	-	-	-	-	-	-	2,108,834
Depreciation and amortisation	150,578	90,463	5,496	104,425	7,613	32,888	23,444	2,158	47,762	464,827
Impairment losses on securities	-	-	-	-	87,136	-	-	-	-	87,136
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,396,113	2,416,805	-	-	3,812,918
Other operating expenses	2,402,485	934,143	564,808	622,648	610,588	455,530	499,059	25,147	(150,876)	5,963,532
Total operating expenses	9,175,310	1,997,192	879,838	856,089	1,134,195	2,366,407	3,392,806	100,764	(137,429)	19,765,172
Operating profit before allocated costs	5,380,270	2,760,778	1,229,261	2,088,771	3,880,848	2,173,110	557,281	47,197	(235,617)	17,881,899
Allocated costs	(4,587,226)	(662,561)	(379,115)	(214,376)	-	-	-	-	-	(5,843,278)
Operating profit c/fwd	793,044	2,098,217	850,146	1,874,395	3,880,848	2,173,110	557,281	47,197	(235,617)	12,038,621

Notes to the Financial Statements

September 30, 2014
(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2013 Restated	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	793,044	2,098,217	850,146	1,874,395	3,880,848	2,173,110	557,281	47,197	(235,617)	12,038,621
Unallocated corporate expenses										(1,848,695)
Share of profit of associates										861,178
Profit before Taxation										11,051,104
Taxation										(2,472,246)
Net Profit										8,578,858
Segment assets	151,550,642	11,839,178	58,753,003	139,238,839	127,197,750	35,864,968	10,419,681	1,000,275	(101,119,596)	434,744,740
Associates										8,512,251
Unallocated assets										3,318,064
Total assets										446,575,055
Segment liabilities	138,952,273	7,606,865	45,753,252	127,610,695	110,512,372	26,689,951	7,431,937	199,798	(93,502,909)	371,254,234
Unallocated liabilities										3,351,685
Total liabilities										374,605,919
Capital expenditure	1,084,465	292,440	40,732	36,745	58,873	118,469	57,077	38,835	-	1,727,636

5. Segment Reporting (Continued)

Year ended September 30, 2013 Restated	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Interest income	32,809,552	659	174	32,810,385
Interest expense	(9,402,858)	(16,783)	168,242	(9,251,399)
Net fee and commission income	7,885,994	94,299	24,887	8,005,180
Gain on foreign currency and investment activities	1,025,052	2,356	622	1,028,030
Premium income	5,003,097	-	-	5,003,097
Other operating income and dividend income	326,234	34,857	9,199	370,290
Staff costs	(7,327,925)	(3,122,840)	(775,832)	(11,226,597)
Provision for credit losses	(2,108,834)	33,689	8,885	(2,066,260)
Depreciation and amortisation	(464,827)	(589,558)	(155,586)	(1,209,971)
Impairment losses on securities	(87,136)	-	-	(87,136)
Policyholders' and annuitants' benefits and reserves	(3,812,918)	-	-	(3,812,918)
Other operating expenses	(5,963,532)	(2,279,957)	(1,129,286)	(9,372,775)
Share of profit of associates	861,178	-	-	861,178
	18,743,077	(5,843,278)	(1,848,695)	11,051,104

6. Net Interest Income

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest income				
Loans and advances	18,971,549	16,601,288	18,883,193	16,552,658
Investment securities –				
Available-for-sale and loans and receivables	17,779,300	16,031,835	7,126,811	6,232,341
At fair value through profit or loss	36,146	87,041	-	-
Reverse repurchase agreements	75,281	15,877	80,373	42,789
Deposits and other	37,351	74,344	37,478	83,733
	36,899,627	32,810,385	26,127,855	22,911,521
Interest expense				
Customer deposits	3,107,302	1,934,619	2,829,733	2,049,009
Repurchase agreements	6,189,989	4,676,677	2,728,182	1,540,530
Policyholders' benefits	935,560	996,880	-	-
Securitisation arrangements	1,013,564	579,468	1,013,564	579,468
Other borrowed funds and amounts due from other banks	992,545	1,063,755	1,141,150	917,559
	12,238,960	9,251,399	7,712,629	5,086,566
Net interest income	24,660,667	23,558,986	18,415,226	17,824,955

7. Net Fee and Commission Income

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fee and commission income				
Retail and SME	3,294,180	3,346,859	3,217,100	3,263,523
Payment services	5,163,073	4,511,125	5,169,573	4,511,125
Corporate banking	445,134	466,781	445,134	466,781
Treasury and correspondent banking	202,455	194,529	244,632	194,529
Wealth, asset management & investment banking	212,591	114,803	-	-
Life Insurance & pension fund management	1,063,821	916,287	-	-
General insurance	157,679	99,395	-	-
Other	58,463	80,221	39,194	24,886
	10,597,396	9,730,000	9,115,633	8,460,844
Fee and commission expense				
Payment services	1,930,225	1,724,820	1,930,225	1,724,820
	8,667,171	8,005,180	7,185,408	6,736,024

8. Gain/(Loss) on Foreign Currency and Investment Activities

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net foreign exchange gains	1,133,957	1,447,474	597,553	905,887
Debt securities held for trading	5,806	3,316	-	-
Loss on debt exchange transactions	-	(1,526,560)	-	(1,338,734)
Gains on other debt securities	1,158,578	1,150,488	292,894	57,499
Gain/(loss) on embedded put option	79,746	(57,794)	79,746	(57,794)
Equity securities	192,558	11,106	43,722	-
Investment property (Note 26)	22,000	-	-	-
	2,592,645	1,028,030	1,013,915	(433,142)

Net foreign exchange gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

Loss on debt exchange transactions

In February and March 2013, the Group and the Bank participated in the National Debt Exchange (NDX) and a Private Debt Exchange (PDX) conducted by the Government of Jamaica. These involved the non-cash exchange of existing notes with a face value of $123,333,216,000 for the Group and $51,248,101,000 for the Bank for new, longer-dated debt instruments with lower coupon rates (new notes) of equivalent face value. Certain new notes issued under the PDX included instruments with embedded put options (Note 19).

The loss arising on the exchanges represents the difference between the carrying value of the existing notes and the fair value of the new notes (including the value of the embedded put option) at the date of exchange.

9. Premium Income

	The Group	
	2014	2013
	$'000	$'000
Annuity contracts	1,171,863	738,340
Life insurance contracts	823,340	849,222
General insurance contracts	5,002,758	3,415,535
	6,997,961	5,003,097

10. Dividend Income

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Subsidiaries	-	-	1,615,110	2,015,277
Associates	-	-	205,495	179,949
Other equity securities	160,586	228,506	57,338	38,984
	160,586	228,506	1,877,943	2,234,210

11. Staff Costs

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Wages, salaries, allowances and benefits	9,747,391	9,607,573	8,071,893	8,389,907
Payroll taxes	901,083	817,893	749,410	694,452
Pension costs – defined contribution plans	319,086	274,047	256,437	219,917
Pension costs – defined benefit plans (Note 37)	(9,798)	25,649	(46,874)	-
Termination benefits	365,778	314,350	300,597	288,774
Other post-employment benefits (Note 37)	200,390	187,085	200,390	187,085
	11,523,930	11,226,597	9,531,853	9,780,135

Wages, salaries, allowances and benefits
Included in wages, salaries, allowances and benefits are base salary for executives, senior managers, managers, clerical and non-clerical employees. Amounts are also included for annual incentive and merit awards based on performance, annual and non-annual lump-sum fringe benefits, fringe benefits for executives and senior managers as well as those that have been agreed based on collective bargaining with the trade unions representing managers, clerical and non-clerical staff.

Employees are categorised as permanent pensionable, contract, part-time and temporary.

Pension costs – defined contribution plan
The Group contributes a fixed 5% of base salary for pensionable staff into a defined contribution plan and there is no legal or constructive obligation to make further contributions.

12. Policyholders' and Annuitants' Benefits and Reserves

	The Group	
	2014	2013
	$'000	$'000
Annuity contracts	725,718	1,290,686
Life insurance contracts	507,351	104,527
General insurance contracts	3,164,613	2,417,705
	4,397,682	3,812,918

The above amounts include insurance claims by policyholders amounting to $859,290,000 (2013 – $667,877,000) in respect of life insurance and annuity contracts and $2,311,717,000 (2013 – 2,358,137,000) in respect of general insurance contracts.

13. Impairment Losses on Securities

This represents impairment losses recognised by certain subsidiaries of the Bank on investment securities classified as available-for-sale and loans and receivables. The losses relate entirely to debt securities.

14. Other Operating Expenses

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Auditors' remuneration - Current	59,746	54,780	24,600	21,830
- Prior year	9,000	-	-	-
Credit card rebates	582,188	407,940	582,188	407,940
Costs relating to Initial Public Offering	-	679,907	-	679,907
Insurance premiums and commissions	516,876	599,263	359,421	367,542
Irrecoverable general consumption tax and asset tax	2,126,043	1,184,275	1,575,271	976,324
License and transaction processing fees	787,527	706,844	674,561	604,595
Marketing, customer care, advertising and donations	938,464	665,756	727,375	546,062
Operating lease rentals	178,118	150,919	134,801	131,360
Premium tax on life insurance contracts	84,032	100,111	-	-
Property, vehicle and ABM maintenance and utilities	2,246,448	1,954,763	2,012,824	1,805,967
Receivership expenses	178,437	280,840	178,437	280,840
Stationery	160,007	171,169	125,982	147,517
Technical, consultancy and professional fees	973,265	1,092,740	758,534	812,893
Travelling, courier and telecommunication	859,868	783,036	762,905	717,707
Other	725,921	540,432	459,395	406,627
	10,425,940	9,372,775	8,376,294	7,907,111

In the prior year, costs relating to the Initial Public Offering (IPO) were written off as the IPO was postponed for a period longer than 90 days.

15. Taxation

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Income tax	2,782,167	1,173,299	1,370,510	71,342
Investment income tax at 15%	310,256	229,632	-	-
Prior year over under provision	(42,600)	(249,046)	(16,655)	(206,931)
Deferred income tax (Note 29)	92,943	1,318,361	7,472	1,134,063
	3,142,766	2,472,246	1,361,327	998,474

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 15% for the life insurance subsidiary, 33⅓% for the Bank and other "regulated companies", 21% for the subsidiary incorporated in the United Kingdom and 25% for all other subsidiaries (with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax), as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Profit before tax	14,784,839	11,051,104	9,209,659	5,641,867
Tax calculated at actual tax rates	4,252,687	3,190,363	3,069,886	1,880,622
Income not subject to tax or in respect of which tax has been remitted	(1,243,765)	(541,335)	(1,439,521)	(918,742)
Expenses not deductible for tax purposes	391,179	373,178	245,991	354,144
Effect of share of profit of associates included net of tax	(224,189)	(222,274)	-	-
Effect of different tax rates applicable to dividend income	(91,650)	(332,492)	(616,666)	(304,614)
Deferred tax not provided in prior year	85,733		85,733	-
Other	(27,229)	4,806	15,904	(12,936)
Taxation expense	3,142,766	2,472,246	1,361,327	998,474

16. Earnings per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no potential dilutive ordinary stock units.

		Restated
	2014	**2013**
Net profit attributable to stockholders ($'000)	11,642,073	8,578,858
Weighted average number of ordinary stock units in issue ('000)	2,461,469	2,461,469
Basic and diluted earnings per stock unit ($)	4.73	3.49

17. Cash in Hand and Balances at Central Banks

	The Group		The Bank	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash in hand	3,470,645	3,049,827	3,460,677	3,044,815
Balances with Central Banks other than statutory reserves	3,490,715	946,655	3,488,170	940,515
Included in cash and cash equivalents	6,961,360	3,996,482	6,948,847	3,985,330
Statutory reserves with Central Banks – interest-bearing	9,224,527	6,822,408	9,224,527	6,822,408
Statutory reserves with Central Banks – non-interest-bearing	13,608,690	13,569,745	13,510,236	13,569,745
	29,794,577	24,388,635	29,683,610	24,377,483
Interest receivable	538	48	538	48
	29,795,115	24,388,683	29,684,148	24,377,531

Statutory reserves with Central Banks represent the required ratio of prescribed functional and foreign currency liabilities. They are not available for investment, lending or other use by the Group.

18. Due from Other Banks

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Items in course of collection from other banks	1,519,421	813,446	1,517,950	813,325
Placements with other banks	20,254,818	19,826,803	18,915,811	19,257,432
	21,774,239	20,640,249	20,433,761	20,070,757
Interest receivable	18,325	18,279	127	42
	21,792,564	20,658,528	20,433,888	20,070,799
Less: Placements pledged as collateral for letters of credit (Note 24)	(1,399,009)	(1,330,116)	(1,399,009)	(1,283,041)
	20,393,555	19,328,412	19,034,879	18,787,758

Placements with other banks include short term fixed deposits and other balances held with correspondent banks. These bank balances are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Due from other banks	20,393,555	19,328,412	19,034,879	18,787,758
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(246,232)	(182,783)	(246,232)	(182,783)
	20,147,323	19,145,629	18,788,647	18,604,975

19. Derivative Financial Instruments

The carrying values of derivatives for the Group and the Bank were as follows:

	The Group		The Bank	
	2014	2013	2014	2013
Assets	$'000	$'000	$'000	$'000
Embedded put option	467,050	387,304	467,050	387,304
Foreign currency forward contracts	61,958	-	61,958	-
Equity indexed options	52,660	-	-	-
	581,668	387,304	529,008	387,304
Liabilities				
Foreign currency forward contracts	-	1,437	-	1,437
Equity indexed options	52,660	-	-	-
	52,660	1,437	-	1,437

19. Derivative Financial Instruments (Continued)

Derivatives are carried at fair value in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default.

Embedded put option

The Bank holds certain Government of Jamaica debt securities which were issued in February 2013 and mature in February 2024. The terms of these securities contain an investor put option exercisable in February 2018 under which the holder may require the Government of Jamaica to redeem the securities at 100% of the principal value plus any accrued interest. This embedded put option has been separated and recognised as a financial asset in the statement of financial position. The initial recognition of the option was included in the determination of the "Loss on debt exchange transactions" and gains and losses on subsequent revaluations of the option are reflected in "Gain/(loss) on foreign currency and investment activities" (Note 8).

Foreign currency forward contracts

Currency forwards represent commitments to buy Jamaican dollars and sell US dollars totalling US$20,000,000 (2013 – US$4,044,000). The fair values of outstanding foreign currency forward contracts at September 30, 2014 net to an asset of $61,958,000 (US$551,000) (2013 – liability of $1,437,000 (US$14,000)). The currency forward contracts are settled on a gross basis. The contracts expire within 30-60 days.

Equity indexed options

The derivative liability represents the equity index option element of principal protected notes issued by the Group (Note 33(h)) and is carried at fair value.

The derivative asset represents equity index options purchased by the Group to match the liability. The terms of the purchased options are identical to those included in the principal protected notes issued by the Group. The Group is exposed to credit risk on purchased options to the extent of the carrying amount, which is their fair value.

20. Investment Securities at Fair Value through Profit or Loss

	The Group	
	2014	2013
	$'000	$'000
Government of Jamaica debt securities	231,305	187,435
Government of Jamaica guaranteed corporate bonds	19,228	15,917
	250,533	203,352
Other corporate bonds	47,112	12,225
Foreign government	78,076	18,326
Quoted equity securities	142,020	143,442
	517,741	377,345
Interest receivable	5,652	3,410
	523,393	380,755

21. Reverse Repurchase Agreements

The Group and the Bank enter into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $14,275,000 (2013 – $1,243,000) and $15,293,000 (2013 – $5,836,000) for the Group and the Bank, respectively.

At September 30, 2014, the Group and the Bank held $1,727,393,000 (2013 – $378,419,000) and 1,896,909,000 (2013 – $810,571,000), respectively, of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

Included in reverse repurchase agreements for the Group and the Bank are securities with an original maturity of less than 90 days amounting to $1,008,500,000 (2013 – $322,809,000) and $40,000,000 (2013 – $145,890,000), respectively, which are regarded as cash equivalents for purposes of the statement of cash flows.

22. Loans and Advances

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Gross loans and advances	161,863,399	143,682,768	160,558,365	142,974,280
Provision for credit losses	(4,906,855)	(3,226,544)	(4,895,472)	(3,221,092)
	156,956,544	140,456,224	155,662,893	139,753,188
Interest receivable	673,456	694,088	672,975	690,052
	157,630,000	141,150,312	156,335,868	140,443,240

The current portion of loans and advances amounted to $27,487,317,000 (2013 – $21,471,310,000) for the Group and $26,953,316,000 (2013 – $20,844,847,000) for the Bank.

The movement in the provision for credit losses determined under the requirements of IFRS was as follows:

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of year	3,226,544	4,766,151	3,221,092	4,761,413
On acquisition of subsidiary	8,898	-	-	-
Provided during the year	2,609,186	2,312,112	2,609,186	2,312,112
Recoveries	(382,237)	(245,852)	(378,780)	(245,852)
Net charge to the income statement	2,226,949	2,066,260	2,230,406	2,066,260
Write-offs	(555,536)	(3,605,867)	(556,026)	(3,606,581)
Balance at end of year	4,906,855	3,226,544	4,895,472	3,221,092

The aggregate amount of non-performing loans as at September 30, 2014 for the Group and the Bank on which interest was not being accrued amounted to $8,690,740,000 (2013 – $6,961,388,000).

22. Loans and Advances (Continued)

The provision for credit losses determined under Central Bank regulatory requirements was as follows:

	The Group and The Bank	
	2014	**2013**
	$'000	**$'000**
Specific provision	8,751,841	7,019,639
General provision	1,530,915	1,342,810
	10,282,756	8,362,449
Excess of regulatory provision over IFRS provision recognised in the Bank reflected in non-distributable loan loss reserve (Note 41)	5,375,901	5,141,357

23. Investment Securities classified as Available-for-sale and Loans and Receivables

	The Group	
	2014	**2013**
	$'000	**$'000**
Available-for-sale securities – at fair value		
Debt securities –		
Government of Jamaica and Bank of Jamaica	196,510,071	168,143,494
Government of Jamaica guaranteed corporate bonds	7,023,356	9,599,145
	203,533,427	177,742,639
Other corporate bonds	7,851,319	5,959,972
Foreign governments	4,372,082	3,126,279
Equity securities –		
Quoted	703,158	851,179
Unquoted	53,077	47,498
Unit Trust investments	174,342	-
	216,687,405	187,727,567
Loans and receivables – at amortised cost		
Debt securities –		
Government of Jamaica and Bank of Jamaica	28,331,452	27,901,967
Government of Jamaica guaranteed corporate bonds	7,779,691	8,447,329
	36,111,143	36,349,296
Other corporate bonds	6,988,848	6,266,687
	43,099,991	42,615,983
Interest receivable	3,859,968	3,713,148
Total investment securities	263,647,364	234,056,698

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

	The Group	
	2014	2013
	$'000	$'000
Total investment securities, as above	263,647,364	234,056,698
Less: Pledged securities (Note 24)	(158,089,603)	(133,200,579)
Amount reported on the statement of financial position	105,557,761	100,856,119

	The Bank	
	2014	2013
	$'000	$'000
Available-for-sale securities – at fair value		
Debt securities –		
Government of Jamaica and Bank of Jamaica	95,747,802	68,271,252
Government of Jamaica guaranteed corporate bonds	338,384	295,902
	96,086,186	68,567,154
Other corporate bonds	2,710,034	1,548,454
Foreign governments	1,551,089	1,408,140
Equity securities –		
Quoted	370,399	583,942
Unquoted	18,255	18,255
	100,735,963	72,125,945
Loans and receivables – at amortised cost		
Debt securities –		
Government of Jamaica and Bank of Jamaica	11,588,484	15,754,543
Government of Jamaica guaranteed corporate bonds	1,520,828	1,706,751
	13,109,312	17,461,294
Other corporate bonds	1,073,520	1,877,025
	14,182,832	19,338,319
Interest receivable	1,547,033	1,347,249
Total investment securities	116,465,828	92,811,513

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

	The Bank	
	2014	**2013**
	$'000	**$'000**
Total investment securities, as above	116,465,828	92,811,513
Less: Pledged securities (Note 24)	(77,714,233)	(56,273,655)
Amount reported on the statement of financial position	38,751,595	36,537,858

The current portion of total investment securities amounted to $46,055,269,000 (2013 – $32,227,438,000) for the Group and $14,606,433,000 (2013 – $11,741,825,000) for the Bank.

Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $2,765,182,000 (2013 – $10,887,465,000) for the Group and $2,749,182,000 (2013 – $5,410,539,000) for the Bank which are regarded as cash equivalents for purposes of the statement of cash flows.

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

Disclosure in respect of securities reclassified on October 1, 2008 from the available-for-sale category to the loans and receivables category

On October 1, 2008, the Group reclassified Government of Jamaica global bonds and guaranteed corporate bonds from the available-for-sale category to the loans and receivables category due to the market for these securities becoming inactive in October 2008.

The market was determined to be active again on December 1, 2010. The Group opted to retain the classification of these securities as loans and receivables.

The fair value of these securities at the date of reclassification became their new amortised cost. The accumulated fair value losses included in fair value reserve as at that date are being amortised to profit or loss over the remaining life of the securities.

Fair value reserve (Note 40) includes fair value losses in relation to the reclassified securities not yet derecognised as at the date of the statement of financial position amounting to $815,488,000 (2013 – $1,217,255,000) for the Group and $495,180,000 (2013 – $566,536,000) for the Bank.

The carrying value (excluding accrued interest) and fair value of these securities as at the date of the statement of financial position were as follows:

	The Group		The Bank	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
At September 30, 2014	21,133,542	21,597,710	9,718,166	10,080,148
At September 30, 2013	26,185,747	26,462,650	9,971,168	9,958,917

The amounts recognised in the income statement in respect of these securities were as follows:

	The Group		The Bank	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest income	2,054,654	2,258,512	867,874	852,598
Foreign exchange gains	1,856,212	3,391,766	702,244	1,322,712

Fair value gains of $464,168,000 (2013 – $1,942,499,000) for the Group and $361,982,000 (2013 – $961,890,000) for the Bank would have been recognised in other comprehensive income during the year had these securities not been reclassified.

24. Pledged Assets

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Investment securities pledged as collateral for:				
Repurchase agreements	157,984,204	132,373,529	77,714,233	55,540,335
Custodial services	-	733,321	-	733,320
Investment securities held as security in respect of life insurance subsidiary	105,399	93,729	-	-
	158,089,603	133,200,579	77,714,233	56,273,655
Placements with other banks pledged as collateral for letters of credit	1,399,009	1,330,116	1,399,009	1,283,041
	159,488,612	134,530,695	79,113,242	57,556,696

The Financial Services Commission holds investment securities for the life insurance subsidiary in accordance with Section 8(1)(B) of the Insurance Regulations 2001.

25. Investment in Associates

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At the beginning of the year	8,512,251	7,149,680	2,679,737	2,679,737
Disposals	(2,893,280)	-	(471,534)	-
Transfer from available-for-sale investments	90,000	-	-	-
Share of profits	902,696	861,178	-	-
Dividends received:				
Jamaica Money Market Brokers	(141,506)	(98,625)	-	-
Kingston Wharves	(83,956)	(93,218)	-	-
Other	(4,666)	(2,512)	-	-
Movement in other reserves	(467,735)	695,748	-	-
At end of year	5,913,804	8,512,251	2,208,203	2,679,737

During the year, the Group reclassified the investment in Elite Diagnostic Limited from available-for-sale to investment in associates as a result of obtaining significant influence.

The Group has used the financial statements of its associates as at June 30 for the purposes of equity accounting to facilitate the availability of financial information in accordance with the Group's reporting timetable. Adjustments are made for significant transactions or events, where identified, that occur between that date and September 30.

The carrying values of investment in associates and the values indicated by prices quoted on the Jamaica Stock Exchange ("JSE Indicative Value") as at September 30 were as follows:

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	-	-	2,705,495	3,216,027
Jamaica Money Market Brokers Limited	5,632,564	3,257,975	5,621,621	3,323,040
Kingston Properties Limited	211,331	66,674	185,135	77,930
	5,843,895	3,324,649	8,512,251	6,616,997

	The Bank			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	-	-	471,534	2,489,569
Jamaica Money Market Brokers Limited	2,208,203	3,257,975	2,208,203	3,323,040
	2,208,203	3,257,975	2,679,737	5,812,609

25. Investment in Associates (Continued)

Management has conducted an impairment assessment in respect of these investments involving a review of the performance of the entities as well as the values of the underlying assets and determined that no impairment in the carrying values has occurred.

The assets, liabilities, revenue and net profit of the associates as at and for the years ended, as indicated below, are as follows:

	Kingston Wharves Limited	Jamaica Money Market Brokers Limited	Other individually immaterial associates	Total
	$'000	$'000	$'000	$'000
2014				
Current assets	3,416,673	34,243,045	298,069	37,957,787
Non-current assets	13,463,961	181,123,542	1,230,162	195,817,665
Current liabilities	975,646	151,715,912	274,128	152,965,686
Non-current liabilities	2,800,826	44,281,354	264,530	47,346,710
Revenue	4,405,600	16,778,621	233,160	21,417,381
Profit or loss from continuing operations	873,471	2,808,716	944	3,683,131
Other comprehensive income	-	(3,246,679)	62,808	(3,183,871)
Total comprehensive income	873,471	(437,963)	122,435	557,943
Percentage ownership		26.30%		
Net assets of the associate - 100%		19,369,321		
Non-controlling interests		(393,707)		
Adjusted net assets		18,975,614		
Group share of adjusted net assets		4,990,586		
Fair values of intangible assets recognised on acquisition		862,477		
Accumulated amortisation		(220,499)		
Carrying amount		5,632,564		

25. Investment in Associates (Continued)

	Kingston Wharves Limited	Jamaica Money Market Brokers Limited	Other individually immaterial associates	Total
	$'000	$'000	$'000	$'000
2013				
Current assets	3,860,136	14,231,100	219,600	18,310,836
Non-current assets	12,518,055	161,284,355	870,267	174,672,677
Current liabilities	1,028,916	143,220,339	214,982	144,464,237
Non-current liabilities	2,975,582	12,740,346	139,379	15,855,307
Revenue	4,538,868	14,324,093	265,415	19,128,376
Profit or loss from continuing operations	736,188	2,648,244	164,062	3,548,494
Other comprehensive income	-	3,044,688	51,254	3,095,942
Total comprehensive income	736,188	5,692,932	215,316	6,644,436

	Kingston Wharves Limited	Jamaica Money Market Brokers Limited
Percentage ownership	32.59%	26.30%
Net assets of the associate - 100%	12,382,263	19,554,770
Non-controlling interests	(58,231)	(885,522)
Adjustment for difference in accounting principles	(4,022,230)	-
Adjusted net assets	8,301,802	18,669,248
Group share of adjusted net assets	2,705,495	4,910,012
Fair values of intangible assets recognised on acquisition	-	862,477
Accumulated amortisation	-	(150,868)
Carrying amount	2,705,495	5,621,621

Disposal of Kingston Wharves

In September 2014, the Group disposed of its entire interest in Kingston Wharves Limited.

26. Investment Property

	The Group	
	2014	**2013**
	$'000	**$'000**
Balance at beginning of year	462,500	12,500
Arising on acquisition of subsidiary	-	450,000
Fair value gains (Note 8)	22,000	-
Balance at end of year	484,500	462,500
Income earned from the properties	29,713	20,511
Expenses incurred by the properties	(50,661)	(60,176)

The Group did not classify any properties held under operating leases as investment properties. The properties held are stated at fair market value, as appraised by professional, independent valuators.

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, *Fair Value Measurement*. The valuations have been performed using a sales comparison approach but, as there have been a limited number of similar sales in the local market, incorporate unobservable inputs determined based on the valuators' judgment regarding size, age, condition and state of the local economy.

27. Intangible Assets

	The Group			
	Trade name $'000	Customer relationships $'000	Computer Software $'000	Total $'000
		2014		
Net book value, at beginning of year	230,378	327,729	1,279,867	1,837,974
On acquisition of subsidiary	-	-	2,092	2,092
Additions	-	-	1,032,921	1,032,921
Reclassifications and adjustments	-	(8,731)	6,845	(1,886)
Amortisation charge	(11,949)	(59,694)	(335,609)	(407,252)
Net book value, at end of year	218,429	259,304	1,986,116	2,463,849
Cost	238,974	358,163	5,283,847	5,880,984
Accumulated amortisation	(20,545)	(98,859)	(3,297,731)	(3,417,135)
Closing net book value	218,429	259,304	1,986,116	2,463,849
		2013		
Net book value, at beginning of year	-	-	1,135,599	1,135,599
On acquisition of subsidiary	238,974	366,894	7,654	613,522
Additions	-	-	679,403	679,403
Write-offs	-	-	(35,073)	(35,073)
Reclassifications and adjustments	-	-	(34,898)	(34,898)
Amortisation charge	(8,596)	(39,165)	(472,818)	(520,579)
Net book value, at end of year	230,378	327,729	1,279,867	1,837,974
Cost	238,974	366,894	4,221,422	4,827,290
Accumulated amortisation	(8,596)	(39,165)	(2,941,555)	(2,989,316)
Closing net book value	230,378	327,729	1,279,867	1,837,974

27. Intangible Assets (Continued)

	The Bank	
	Computer Software	
	2014	2013
	$'000	$'000
Net book value, at beginning of year	1,207,893	1,092,379
Additions	818,046	622,388
Write-offs	-	(35,073)
Reclassifications and adjustments	6,919	(34,898)
Amortisation charge	(325,667)	(436,903)
Net book value, at end of year	1,707,191	1,207,893

	2014	2013
	$'000	$'000
Cost	4,574,268	3,749,303
Accumulated amortisation	(2,867,077)	(2,541,410)
Net book value	1,707,191	1,207,893

Computer software for the Group and the Bank at year end include items with a cost of $551,393,000 (2013 – $504,556,000) on which no amortisation has yet been charged as these items are in the process of implementation.

The useful life of computer software was reviewed during the year and revised as follows. The change was applied prospectively from 1 January 2014.

	Previous life	New life	Decrease in amortisation for the year $'000
Software	3 - 5 years	5 years	210,486

28. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvements	Motor Vehicles Furniture & Equipment	Assets Capitalised Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At October 1, 2012	3,737,843	568,878	5,185,995	1,282,078	749,395	11,524,189
Additions	52,721	612	455,099	204,071	335,730	1,048,233
On acquisition of subsidiary	482,900	-	340,434	-	-	823,334
Disposals	-	-	(10,171)	(283,877)	-	(294,048)
Transfers	495,109	2,309	212,514	-	(709,932)	-
Reclassifications and adjustments	-	-	584,839	(584,839)	34,898	34,898
At September 30, 2013	4,768,573	571,799	6,768,710	617,433	410,091	13,136,606
Additions	129,577	43,771	933,166	180,429	450,494	1,737,437
On acquisition of subsidiary	-	6,646	11,969	-	-	18,615
Disposals	(4,285)	-	(11,770)	(127,947)	-	(144,002)
Transfers	9,933	2,479	276,623	-	(289,035)	-
Reclassifications and adjustments	-	2,591	(2,591)	-	(6,919)	(6,919)
At September 30, 2014	4,903,798	627,286	7,976,107	669,915	564,631	14,741,737
Accumulated Depreciation -						
At October 1, 2012	569,879	481,947	4,182,159	1,058,406	-	6,292,391
Charge for the year	69,933	24,790	468,339	126,330	-	689,392
Disposals	-	-	(10,726)	(273,158)	-	(283,884)
Reclassifications and adjustments	-	-	584,839	(584,839)	-	-
At September 30, 2013	639,812	506,737	5,224,611	326,739	-	6,697,899
Charge for the year	88,859	35,506	576,314	139,472	-	840,151
Disposals	(1,495)	-	(7,884)	(100,803)	-	(110,182)
Reclassifications and adjustments	-	44	(44)	-	-	-
At September 30, 2014	727,176	542,287	5,792,997	365,408	-	7,427,868
Net Book Value -						
September 30, 2014	4,176,622	84,999	2,183,110	304,507	564,631	7,313,869
September 30, 2013	4,128,761	65,062	1,544,099	290,694	410,091	6,438,707

28. Property, Plant and Equipment (Continued)

	The Bank					
	Freehold Land and Buildings	Leasehold Improvements	Motor Vehicles Furniture & Equipment	Assets Capitalised Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At October 1, 2012	3,737,843	488,103	5,098,114	1,276,193	745,034	11,345,287
Additions	52,721	-	421,997	204,071	308,325	987,114
Disposals	-	-	(7,077)	(280,525)	-	(287,602)
Transfers	495,109	2,309	212,514	-	(709,932)	-
Reclassifications and adjustments	-	-	584,839	(584,839)	34,898	34,898
At September 30, 2013	4,285,673	490,412	6,310,387	614,900	378,325	12,079,697
Additions	49,839	6,518	818,755	180,429	475,845	1,531,386
Disposals	(4,285)	-	(4,989)	(127,947)	-	(137,221)
Transfers	9,933	2,479	276,623	-	(289,035)	-
Reclassifications and adjustments	-	2,591	(2,591)	-	(6,919)	(6,919)
At September 30, 2014	4,341,160	502,000	7,398,185	667,382	558,216	13,466,943
Accumulated Depreciation -						
At October 1, 2012	569,879	425,278	4,084,213	1,054,618	-	6,133,988
Charge for the year	66,469	22,625	443,432	125,632	-	658,158
Disposals	-	-	(7,034)	(269,806)	-	(276,840)
Reclassifications and adjustments	-	-	584,839	(584,839)	-	-
At September 30, 2013	636,348	447,903	5,105,450	325,605	-	6,515,306
Charge for the year	63,876	22,842	530,827	139,134	-	756,679
Disposals	(1,495)	-	(4,970)	(113,699)	-	(120,164)
Reclassifications and adjustments	-	44	(44)	-	-	-
At September 30, 2014	698,729	470,789	5,631,263	351,040	-	7,151,821
Net Book Value -						
September 30, 2014	3,642,431	31,211	1,766,922	316,342	558,216	6,315,122
September 30, 2013	3,649,325	42,509	1,204,937	289,295	378,325	5,564,391

The carrying value of assets capitalised under finance leases and computer equipment pledged as collateral amounted to $320,679,000 (2013 – $289,295,000).

29. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 15% for the life insurance subsidiary, 33⅓% for the Bank and other "regulated companies", 21% for the subsidiary incorporated in the United Kingdom and 25% for all other subsidiaries; with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax.

The net assets recognised in the statement of financial position were as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	(23,390)	(31,710)	-	-
Deferred tax liabilities	2,455,791	2,413,121	2,274,191	2,176,182
Net liability at end of year	2,432,401	2,381,411	2,274,191	2,176,182

The movement in the net deferred income tax balance was as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net liability at beginning of year	2,381,411	1,174,408	2,176,182	965,402
Acquisition of subsidiary	-	(131,939)	-	-
Deferred tax charged in the income statement (Note 15)	92,943	1,318,361	7,472	1,134,063
Deferred tax charged/(credited) to other comprehensive income	(41,953)	20,581	90,537	76,717
Net liability at end of year	2,432,401	2,381,411	2,274,191	2,176,182

The amounts shown in the statement of financial position included the following:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	(1,022,700)	(1,211,691)	(827,789)	(859,763)
Deferred tax liabilities to be settled after more than 12 months	3,181,511	3,327,274	3,159,892	3,318,238

29. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities, prior to offsetting of balances, were due to the following items:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	2,528	8,180	-	-
Investment securities at fair value through profit or loss	10,789	10,033	-	-
Investment securities classified as available-for-sale and loans and receivables	291,735	598,537	128,145	292,189
Pensions and other post-retirement benefits	728,437	604,974	699,644	567,574
Interest payable	279,566	211,540	-	-
Other temporary differences	128,512	163,533	85,882	282,293
	1,441,567	1,739,212	913,671	1,142,056
Deferred income tax liabilities:				
Property, plant and equipment	142,968	96,948	142,944	96,948
Investment securities classified as available-for-sale and loans and receivables	3,359	5,642	-	-
Interest receivable	579,622	611,484	-	-
Unrealised foreign exchange gains	1,756,503	1,965,879	1,738,267	1,962,485
Loan loss provisions	1,278,681	1,258,805	1,278,681	1,258,805
Fair value gains on derivatives	27,970	-	27,970	-
Other temporary differences	84,865	39,450	-	-
	3,873,968	4,120,623	3,187,862	3,318,238
Net deferred tax liability	2,432,401	2,381,411	2,274,191	2,176,182

29. Deferred Income Taxes (Continued)

The amounts recognised in the income statement were due to the following items:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Property, plant and equipment	51,672	167,068	45,996	55,918
Investment securities	259,541	(20,623)	-	-
Loan loss provisions	19,876	211,931	19,876	232,210
Pensions and other post-retirement benefits	(37,288)	(68,220)	(38,687)	(68,220)
Interest receivable	(31,862)	93,031	-	-
Interest payable	(68,026)	17,646	-	-
Fair value gains on derivatives	27,970	-	27,970	-
Unrealised foreign exchange gains and losses	(209,376)	1,041,744	(224,218)	1,041,581
Other temporary differences	80,436	(124,216)	176,535	(127,426)
	92,943	1,318,361	7,472	1,134,063

The amounts recognised in other comprehensive income were due to the following items:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unrealised (losses)/gains on available-for-sale investments	356,140	(196,393)	264,606	(75,512)
Realised fair value losses/(gains) on sale and maturity of investments	(311,918)	206,974	(80,685)	157,301
Remeasurement of the post-employment benefit obligation	(86,175)	10,000	(93,384)	(5,072)
	(41,953)	20,581	90,537	76,717

30. Other Assets

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	2,632,350	1,685,227	2,266,504	1,271,972
Prepayments	1,291,681	782,959	1,167,160	668,769
Re-insurance recoverable	233,573	252,217	-	-
Receivable in respect of called bond	-	701,997	-	-
Other	941,931	866,185	806,687	848,706
	5,099,535	4,288,585	4,240,351	2,789,447

The fair values of other assets approximate carrying values. All receivable balances are due within the next 12 months.

31. Due to Other Banks

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Items in course of payment	2,573,397	2,105,026	2,550,996	2,077,671
Borrowings from other banks	3,713,379	15,192,957	9,963,232	19,189,773
Deposit from other banks	22,105	36,700	22,105	36,700
	6,308,881	17,334,683	12,536,333	21,304,144
Interest payable	27,693	75,517	93,957	126,173
	6,336,574	17,410,200	12,630,290	21,430,317

Items in the course of payment primarily represent cheques drawn by the Bank which have been accounted for as a deduction from its bank balances but which have not been presented on its bank accounts. These relate to accounts held at Central Banks and with banks outside of Jamaica.

The amounts included as cash equivalents in the statement of cash flows was as follows:

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total due to other banks	6,336,574	17,410,200	12,630,290	21,430,317
Less: amounts with original maturities of greater than 90 days	(3,700,768)	(11,619,782)	(11,036,195)	(15,915,082)
	2,635,806	5,790,418	1,594,095	5,515,235

32. Obligations under Securitisation Arrangements

	The Group and The Bank	
	2014	2013
	$'000	$'000
Diversified payment rights		
Principal outstanding - US$125,000,000 (2013 – US$100,000,000)	14,065,825	10,323,490
Unamortised transaction fees	(221,265)	(250,659)
	13,844,560	10,072,831
Interest payable	41,017	28,201
	13,885,577	10,101,032

The current portion of obligations under securitisation arrangements amounted to $995,355,000 (2013 – $716,434,000).

The Bank has entered into a number of structured financing transactions involving securitisation of its Diversified Payment Rights. A Diversified Payment Right ("DPR") is a right of the Bank to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. Under these securitisation transactions, the Bank assigns its rights to all present and future DPRs to an offshore special purpose vehicle, Jamaica Diversified Payment Rights Company Limited (Note 34), which then issues notes which are secured by DPR flows. The cash flows generated by the DPRs are used by Jamaica Diversified Payment Rights Company Limited to make scheduled principal and interest payments to the note holders and any excess cash is transferred to the Bank, provided no early amortisation event or default has occurred under the terms of the notes.

In March 2006, the Bank raised US$100 million through DPR securitisation and the issue of the Series 2006-1 Notes. The Series 2006-1 Notes matured on March 15, 2013.

In July 2007, the Bank raised an additional US$50 million 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 subsequently issued US$100 million of the Series 2013-1 Notes. The 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, 2014.

On February 21, 2014, the Bank increased the existing Series 2013-1 Notes by US$25 Million on the same terms as the existing Notes.

On April 25, 2014, the holders of the Series 2013-1 Notes exercised their option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2015 and final maturity to March 15, 2019.

33. Other Borrowed Funds

		The Group		The Bank	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
(a)	International Finance Corporation	3,371,824	364,358	3,371,824	364,358
(b)	Development Bank of Jamaica	4,377,312	2,174,636	4,377,312	2,174,636
(c)	National Export-Import Bank of Jamaica	14,296	57,870	14,296	57,870
(d)	European Investment Bank	40,946	78,345	40,946	78,345
(e)	Customer long-term investments	419,737	495,686	-	-
(f)	IBM Global Financing	78,528	-	78,528	-
(g)	Corporate notes	2,952,825	1,395,017	-	-
(h)	Principal protected notes	351,887	-	-	-
(i)	Finance lease obligations	340,953	303,838	336,369	303,838
		11,948,308	4,869,750	8,219,275	2,979,047
Unamortised transaction fees		(597)	(2,289)	(597)	(2,289)
Interest payable		45,108	33,131	17,052	8,492
		11,992,819	4,900,592	8,235,730	2,985,250

The current portion of other borrowed funds amounted to $3,852,981,000 (2013 – $1,567,844,000) for the Group and $448,665,000 (2013 – $368,755,000) for the Bank.

(a) In June 2005, the International Finance Corporation (IFC), the private sector arm of the World Bank Group, signed an agreement with the Bank for a US$30 million loan facility, repayable over 10 years in seventeen equal installments ending June 15, 2015. Interest on the facility approximates three month US dollar LIBOR plus 275 basis points. A drawdown of US$15 million was made in September 2006. This long-term financing facility is being utilised by the Bank for general corporate purposes.

During the year, the Bank breached certain financial covenants in respect of this loan. While no formal waiver of the breach has been obtained, the lender has not indicated any intention to demand accelerated repayment of the loan. The Bank has given notice to the IFC of its intention to repay the loan in December 2014.

The Bank joined IFC's Global Trade Finance Program (GTFP) in February 2014. A line of US$30 million was marked by IFC, facilitating trade transactions with tenors up to one year. This facility allows the Bank to expand its trade finance solutions to small and medium enterprises in multiple export and import sectors such as agriculture, electronics, and transportation. US$28 million was drawn as at September 30, 2014.

(b) The loans from Development Bank of Jamaica are granted in both Jamaican and US dollars and are utilised by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. These loans are for terms up to 12 years and at rates ranging from 4 – 10%.

(c) The loans from National Export-Import Bank of Jamaica are granted in Jamaican dollars and are utilised by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. The loans are for terms up to 4 years and at rates of 8 – 13%.

33. Other Borrowed Funds (continued)

(d) The loans from European Investment Bank are disbursed in EUR and USD and are utilised by the Bank for on-lending to customers. The loans are repayable in equal annual installments commencing on December 5, 2008 and ending on December 5, 2014. The average interest rate on the loans disbursed is approximately 7.99%.

(e) Customer long-term investments represent investments placed by customers for a minimum period of five (5) years. The investments are at variable interest rates and are not subject to withholding tax if held to maturity. They are repayable between 2014 and 2016 and attract interest at 0.05% - 5.8% (2013: 0.5% - 5.8%) per annum.

(f) The Bank acquired computer equipment which was financed by IBM Global Financing. The loans are secured by a lien on the equipment and are repayable over 2 years at rates up to 3% per annum.

(g) Corporate notes are unsecured fixed rate notes issued in a combination of Jamaican dollars and United States dollars. The notes are repayable between 2014 and 2016 and attract interest at 7.15% in USD and 8.5% in JMD.

(h) In September 2014, the Group issued principal protected notes which entitle the holders to participate in positive returns on the S&P 500 index while providing a principal protection feature with or without an annual coupon interest payment. If the return on the index is negative, the holder will obtain the principal invested for the notes. Both the principal and interest payments are indexed to the US dollar. These notes are structured products and comprise a fixed income element accounted for at amortised cost (disclosed above) and a derivative (equity indexed option) element disclosed in Note 19.

(i) The finance lease obligations are as follows:

	The Group		The Bank	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments under finance leases:				
Not later than 1 year	172,473	146,572	170,694	146,572
Later than 1 year and not later than 5 years	222,478	214,440	218,166	214,440
	394,951	361,012	388,860	361,012
Future finance charges	(53,998)	(57,174)	(52,491)	(57,174)
Present value of finance lease obligations	340,953	303,838	336,369	303,838

The present value of finance lease obligations is as follows:

	The Group		The Bank	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	139,963	113,533	138,795	113,533
Later than 1 year and not later than 5 years	200,990	190,305	197,574	190,305
	340,953	303,838	336,369	303,838

34. Interests in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 2(b).

Consolidated Structured Entity

The Group uses securitisation as a source of financing and a means of risk transfer. Securitisation of its Diversified Payment Rights (Note 32) is conducted through a structured entity, Jamaica Diversified Payment Rights Company Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands. The relationship between the transferred rights and the associated liabilities is that holders of Notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their Notes.

Unconsolidated Structured Entity

During the year, the Group established the NCB Capital Markets Unit Trust Scheme (Unit Trust) to provide customers with investment opportunities. The Unit Trust comprises three portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio and the Caribbean Equity Portfolio.

The Unit Trust has an independent trustee. The company is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	The Group
	2014
	$'000
Total assets of the Unit Trust	8,611,903
The Group's interest – Carrying value of units held (included in available-for-sale investment securities – Note 23)	174,342
Maximum exposure to loss	174,342
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	3,501,772
Total income from the Group's interests	52,214

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

35. Liabilities under Annuity and Insurance Contracts

The Group's liabilities under annuity and insurance contracts arise from the operations of its life insurance subsidiary and its general insurance subsidiary.

The life insurance subsidiary issues life insurance and annuity contracts. These contracts insure human life events (for example, death or survival) over a long duration. Insurance premiums are recognised directly as liabilities and these liabilities are increased by credited interest.

The general insurance subsidiary issues property and casualty insurance contracts. Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Liabilities under Annuity and Insurance Contracts comprise the following:

	The Group	
	2014	**2013**
	$'000	**$'000**
Liabilities under life insurance and annuity contracts	26,651,746	26,458,098
Liabilities under general insurance contracts	7,579,164	7,456,408
	34,230,910	33,914,506

Liabilities under Life Insurance and Annuity Contracts

	The Group	
	2014	**2013**
	$'000	**$'000**
(a) Composition of liabilities under life insurance and annuity contracts:		
Life assurance fund	23,018,946	23,173,469
Risk reserve	3,535,807	3,200,039
Benefits and claims payable	33,808	38,769
Unprocessed premiums	63,185	45,821
	26,651,746	26,458,098

35. Liabilities under Annuity and Insurance Contracts

Liabilities under Life Insurance and Annuity Contracts (continued)

	The Group	
	2014	**2013**
	$'000	**$'000**
(b) Change in policyholders' liabilities:		
Life assurance fund:		
At the beginning of the year	23,173,469	22,602,863
Gross premiums	2,916,511	3,247,817
Premium refunds	(678)	(804)
Mortality charges transferred to the income statement	(46,862)	(41,802)
Fees transferred to the income statement	(265,610)	(236,415)
Claims and benefits	(3,693,444)	(3,395,071)
Interest credited	935,560	996,881
At the end of the year	23,018,946	23,173,469
Risk reserve:		
At the beginning of the year	3,200,039	2,497,828
Issue of new contracts	654,570	369,854
Normal changes	135,153	398,445
Effect of change in assumptions:		
Base renewal expense levels	75,753	(338,559)
Investment returns	(544,333)	229,934
Lapse and surrender rates	1,933	21,733
Mortality rates	12,692	20,804
At the end of the year	3,535,807	3,200,039
Benefits and claims payable:		
At the beginning of the year	38,769	50,279
Policyholders' claims and benefits	133,572	112,776
Benefits and claims paid	(138,533)	(124,286)
At the end of the year	33,808	38,769
Unprocessed premiums:		
At the beginning of the year	45,821	43,354
Premiums received	4,864,851	4,825,558
Premiums applied	(4,847,487)	(4,823,091)
At the end of the year	63,185	45,821

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

The movement in the risk reserve per type of contract was as follows:

	2014			
	Annuity	Individual life	Group life	Total
	$'000	$'000	$'000	$'000
Balance brought forward	4,466,714	(1,669,638)	402,963	3,200,039
Changes in assumptions:				
Investment returns	(335,760)	(208,573)	-	(544,333)
Base renewal expense levels and inflation	1,386	71,977	2,390	75,753
Lapse and surrender rates	-	1,933	-	1,933
Mortality rates	-	26,640	(13,948)	12,692
	(334,374)	(108,023)	(11,558)	(453,955)
Issue of new policies	715,627	(239,007)	177,950	654,570
Normal changes	108,736	153,664	(127,247)	135,153
Net change	489,989	(193,366)	39,145	335,768
	4,956,703	(1,863,004)	442,108	3,535,807

	2013			
	Annuity	Individual life	Group life	Total
	$'000	$'000	$'000	$'000
Balance brought forward	3,710,341	(1,511,213)	298,700	2,497,828
Changes in assumptions:				
Investment returns	168,538	52,300	9,096	229,934
Base renewal expense levels and inflation	(72)	(338,264)	(223)	(338,559)
Lapse and surrender rates	-	21,733	-	21,733
Mortality rates	-	33,511	(12,707)	20,804
	168,466	(230,720)	(3,834)	(66,088)
Issue of new policies	321,555	(182,430)	230,729	369,854
Normal changes	266,352	254,725	(122,632)	398,445
Net change	756,373	(158,425)	104,263	702,211
	4,466,714	(1,669,638)	402,963	3,200,039

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

The Group's life insurance subsidiary holds assets that match insurance liabilities. These assets comprise mainly investment securities, which are classified as available-for-sale and loans and receivables, and reverse repurchase agreements.

The assets supporting policyholders' and other liabilities were as follows:

	2014			
	Annuity Contracts	Individual and Group Life Insurance Contracts	Other Liabilities, Surplus and Capital	Total
	$'000	$'000	$'000	$'000
Investment securities	4,879,744	25,340,961	5,292,120	35,512,825
Reverse repurchase agreements	122,422	190,862	1,412,179	1,725,463
Other assets	239,256	684,605	431,334	1,355,195
Property, plant and equipment	-	-	243,213	243,213
Intangible asset – computer software	-	-	107	107
	5,241,422	26,216,428	7,378,953	38,836,803

	2013			
	Annuity Contracts	Individual and Group Life Insurance Contracts	Other Liabilities, Surplus and Capital	Total
	$'000	$'000	$'000	$'000
Investment securities	4,069,008	29,026,498	1,038,074	34,133,580
Reverse repurchase agreements	132,566	572,971	479	706,016
Other assets	261,179	1,081,253	161,446	1,503,878
Property, plant and equipment	-	-	11,551	11,551
Intangible asset – computer software	-	-	55,416	55,416
	4,462,753	30,680,722	1,266,966	36,410,441

(expressed in Jamaican dollars unless otherwise indicated)

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Policy assumptions

For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity

Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiary is exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics such as AIDS and wide ranging lifestyle changes, such as eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the Group's life insurance subsidiary has significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiary's own experience.

Investment yields

The Group's life insurance subsidiary matches assets and liabilities. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's life insurance subsidiary's investment policy to determine expected rates of return on these assets for all future years. Investment yields include expected future asset defaults. For the current valuation these are:

	Individual with Investment Options	**Individual & Group Life**	**Annuities**
Year 1	7.4%	8.7%	13.0%
Year 2 – 10	Decreasing to 6.6%	Decreasing to 7.2%	-
Year 11 – 29	Decreasing to 5.1%	Decreasing to 5.5%	-
Year 29 onwards	5.0%	5.5%	10.3%
Year 39 onwards	-	-	7.5%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions (continued)
Persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's life insurance subsidiary's own experience adjusted for expected future conditions. A statistical study of the past two years is performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Renewal expenses and inflation
Policy maintenance expenses are derived from the Group's life insurance subsidiary's own internal cost studies projected into the future with an allowance for inflation as shown below:

Year 1	6.3%
Year 2 – 10	Decreasing to 5.4%
Year 11 – 25	Decreasing to 4.1%
Year 25 onwards	4.0%

Taxation
It is assumed that current tax legislation and rates continue unaltered.

Provisions for adverse deviations
The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Appointed Actuary uses assumptions which are considered conservative, taking into account the risk profiles of the policies written.

Sensitivity analysis
The following table represents the sensitivity of the value of the policyholders' liabilities under life insurance contracts disclosed in this note to certain movements in the valuation assumptions used.

	Change in Variable	**Increase in Liability**	
		2014	**2013**
	%	**$'000**	**$'000**
Lowering of investment returns	1	2,337,827	1,350,023
Worsening of base renewal expense levels	10	225,447	221,820
Worsening of mortality	10	132,421	111,964
Worsening of lapse and surrender rates	10	42,137	29,375

35. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under General Insurance Contracts

	The Group	
	2014 **$'000**	**2013** **$'000**
Gross:		
Claims outstanding	5,085,160	4,998,393
Unearned premiums	2,494,004	2,458,015
	7,579,164	7,456,408
Reinsurance ceded		
Claims outstanding	(99,547)	(134,019)
Unearned premiums	(164,773)	(156,734)
	(264,320)	(290,753)
Net:		
Claims outstanding	4,985,613	4,864,374
Unearned premiums	2,329,231	2,301,281
	7,314,844	7,165,655

The movement in and composition of claims outstanding was as follows:

	2014			2013		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Notified claims	3,983,510	(129,676)	3,853,834	3,475,465	(137,859)	3,337,606
Claims incurred but not reported	1,014,883	(4,343)	1,010,540	901,980	(27,902)	874,078
Balance at beginning of year/acquisition	4,998,393	(134,019)	4,864,374	4,377,445	(165,761)	4,211,684
Claims incurred	2,471,633	(31,171)	2,440,462	2,424,988	(7,283)	2,417,705
Claims paid	(2,384,866)	65,643	(2,319,223)	(1,804,040)	39,025	(1,765,015)
Balance at end of year	5,085,160	(99,547)	4,985,613	4,998,393	(134,019)	4,864,374
Comprising:						
Notified claims	4,042,460	(87,800)	3,954,660	3,983,510	(129,676)	3,853,834
Claims incurred but not reported	1,042,700	(11,747)	1,030,953	1,014,883	(4,343)	1,010,540
	5,085,160	(99,547)	4,985,613	4,998,393	(134,019)	4,864,374

35. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under General Insurance Contracts (continued)

The policy and claims liabilities were determined in accordance with accepted actuarial principles and as directed by the Financial Services Commission.

In determining the valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

The movement in and composition of unearned premiums was as follows:

	2014			2013		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at beginning of year/acquisition	2,458,015	(156,734)	2,301,281	2,434,075	(98,709)	2,335,366
Premiums written	5,236,705	(378,800)	4,857,905	3,669,788	(288,338)	3,381,450
Premiums earned	(5,200,716)	370,761	(4,829,955)	(3,645,848)	230,313	(3,415,535)
Balance at end of year	2,494,004	(164,773)	2,329,231	2,458,015	(156,734)	2,301,281
Comprising, by type of business:						
Liability insurance contracts	12,516	(3,149)	9,367	9,655	(566)	9,089
Motor insurance contracts	2,299,379	-	2,299,379	2,273,251	(16)	2,273,235
Pecuniary loss insurance contracts	-	-	-	-	-	-
Property insurance contracts	182,109	(161,624)	20,485	175,109	(156,152)	18,957
	2,494,004	(164,773)	2,329,231	2,458,015	(156,734)	2,301,281

36. Provision for Litigation

	The Group and The Bank	
	2014	2013
	$'000	$'000
At beginning of year	11,500	17,300
Provided during the year	2,232	1,000
Utilised/reversed during the year	(10,679)	(6,800)
At end of year	3,053	11,500

The litigation provision is in relation to claims against the Group which meet the provisioning criteria defined in Note 52. The provisions are either utilised or reversed upon settlement or a favourable change in the status of the claim.

37. Post-employment Benefits

Liabilities recognised in the statement of financial position were as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pension schemes	86,378	90,896	-	-
Other post-employment benefits	2,098,933	1,702,720	2,098,933	1,702,720
	2,185,311	1,793,616	2,098,933	1,702,720

The amounts recognised in the income statement were as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pension schemes	(9,798)	25,649	(46,874)	-
Other post-employment benefits	200,390	187,085	200,390	187,085
	190,592	212,734	153,516	187,085

The amounts recognised in the statement of comprehensive income were as follows:

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pension schemes	25,428	(6,400)	46,874	-
Other post-employment benefits	233,277	63,510	233,277	63,510
	258,705	57,110	280,151	63,510

37. Post-employment Benefits (Continued)

(a) Pension schemes

The Bank and its subsidiaries have established the following pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. All the Group's pension schemes are approved and regulated by the Financial Services Commission.

National Commercial Bank Staff Pension Fund 1986

This is a defined benefit scheme, which comprises the following pension funds which were merged on September 30, 1999:

- National Commercial Bank Staff Pension Fund 1975 (NCB 1975 Fund)
- National Commercial Bank Staff Pension Fund 1986 (NCB 1986 Fund)
- Mutual Security Bank Superannuation Scheme (MSB Fund)
- Computer Service and Programming Limited Pension Fund (CSP Fund)

Members' rights under each of the funds as at the date of merger were fully preserved in the NCB 1986 Fund and members of the merged funds receive pension benefits from the NCB 1986 Fund in respect of service up to the date of merger. The scheme was closed to new members effective October 1, 1999.

National Commercial Bank Staff Pension Fund 1999

This is a defined contribution scheme which is funded by payments from employees and by the relevant companies. Group companies contribute an amount equivalent to 5% of employees' salary to the scheme each pay cycle and employee may contribute 5% to 15%.

Advantage General Insurance Company Limited Superannuation Fund

The Group's subsidiary, Advantage General Insurance Company Limited (AGIC), sponsors a defined benefit pension scheme, which is open to all its employees who have satisfied certain minimum service requirements, and is managed by NCB Insurance Company Limited. Retirement and other benefits are based on average salary for the last three years of pensionable service. The scheme is funded by employee contributions at rates of either 5% or 10% of salary and employer contributions as recommended by the actuary consequent on triennial funding reviews.

The amounts recognised in the statement of financial position in respect of defined benefit pension schemes are as follows:

	2014		2013 - Restated	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
Present value of funded obligations	13,914,044	675,369	13,242,453	613,540
Fair value of plan assets	(18,411,554)	(595,415)	(18,093,862)	(522,644)
Under/(over) – funded obligations	(4,497,510)	79,954	(4,851,409)	90,896
Limitation on pension assets	4,497,510	-	4,851,409	-
	-	79,954	-	90,896

No asset has been recognised in relation to the Bank's defined benefit scheme as, under the rules of the scheme, the employer would not benefit from any surplus on the winding up of the scheme. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution.

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The schemes are valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at June 30, 2014 for the Bank's scheme and at August 31, 2014 for the AGIC scheme.

The movement in the defined benefit obligation was as follows:

	2014		2013 - Restated	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
At beginning of year	13,242,453	613,540	13,591,107	34,135
Settlement	-	-	-	(34,135)
On acquisition of subsidiary	-	-	-	566,560
Employee's contributions	-	28,463	-	22,518
Service cost	-	25,384	-	19,560
Interest cost	1,218,113	57,946	1,321,008	43,267
Remeasurements:				
Experience (gains)/losses	340,774	(18,372)	(97,633)	(20,224)
(Gains)/losses from changes in financial assumptions	-	-	(809,978)	2,369
Curtailment	(46,874)	-	-	-
Benefits paid	(840,422)	(31,592)	(762,051)	(20,510)
At end of year	13,914,044	675,369	13,242,453	613,540

The movement in the fair value of plan assets was as follows:

	2014		2013 - Restated	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
At beginning of year	18,093,862	522,644	17,165,748	34,135
Settlement	-	-	-	(34,135)
On acquisition of subsidiary	-	-	-	474,021
Interest on plan assets	1,678,997	50,396	1,678,472	37,178
Remeasurement - return on plan assets, excluding amounts included in interest on plan assets	(520,883)	3,074	11,693	(11,455)
Contributions	-	55,035	-	43,410
Administration fees	-	(4,142)	-	-
Benefits paid	(840,422)	(31,592)	(762,051)	(20,510)
At end of year	18,411,554	595,415	18,093,862	522,644

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in the income statement were as follows:

	2014		2013 - Restated	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
Current service cost	-	25,384	-	19,560
Curtailment	(46,874)	-	-	-
Administration fees	-	4,142	-	-
Net interest expense	-	7,550	-	6,089
Total, included in staff costs	(46,874)	37,076	-	25,649

The amounts recognised in other comprehensive income are as follows:

	2014		2013 - Restated	
	The Bank	AGIC	The Bank	AGIC
	$'000	$'000	$'000	$'000
(Gain)/loss on present value of funded obligations	340,774	(18,372)	(907,611)	(17,855)
(Gain)/loss on fair value of plan assets	520,883	(3,074)	(11,693)	11,455
Change in effect of asset ceiling	(814,783)	-	919,304	-
Net (gain)/loss	46,874	(21,446)	-	(6,400)

Plan assets for the Bank's defined benefit pension scheme were comprised as follows:

	2014		2013	
	$'000	%	$'000	%
Debt securities	11,339,809	61.59	10,030,784	55.44
Equity securities	4,314,429	23.43	4,504,160	24.89
Real estate	2,344,192	12.74	2,673,312	14.77
Other	413,124	2.24	885,606	4.90
	18,411,554	100.00	18,093,862	100.00

These plan assets included:

- Ordinary stock units of the Bank with a fair value of $1,103,570,000 (2013 – $1,196,794,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $333,256,000 (2013 – $379,693,000).
- Properties occupied by the Group with a fair value of $468,950,000 (2013 - $621,000,000).

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets for AGIC's defined benefit pension scheme were comprised as follows:

	2014		2013	
	$'000	%	$'000	%
Debt securities	365,157	61.33	346,161	66.23
Equity securities	79,892	13.42	65,906	12.61
Real estate and other	150,367	25.25	110,577	21.16
	595,416	100.00	522,644	100.00

Expected contributions to the Bank's and AGIC's defined benefit pension schemes for the year ending September 30, 2015 are Nil and $28,100,000, respectively.

The principal actuarial assumptions used were as follows:

	2014		2013	
	The Bank	AGIC	The Bank	AGIC
Discount rate	9.50%	9.50%	9.50%	9.50%
Future salary increases	6.00%	7.00%	6.00%	7.00%
Future pension increases	4.00%	2.50%	4.00%	2.50%

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality tables (GAM (94) (U.S. mortality tables) with no age setback.

The average duration of the defined benefit pension obligation at September 30, 2014 is 11.7 years for the Bank's defined benefit scheme and 19.2 years for AGIC's scheme.

37. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

The Bank

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(1,399,304)	1,687,780
Future salary increases	1%	121,658	(112,742)
Future pension increases	1%	1,509,857	(1,281,904)
Life expectancy	1 year	254,970	(254,970)

AGIC

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(108,020)	142,425
Future salary increases	1%	70,982	(59,878)
Future pension increases	1%	57,955	(50,238)
Life expectancy	1 year	11,970	(11,970)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

37. Post-employment Benefits (Continued)

(b) Other post-employment benefits

In addition to pension benefits, the Group offers medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 1.5 percentage points above CPI per year (2013 – 1.5 percentage points above CPI).

The average duration of the other post-employment benefits obligation at 30 September 2014 is 16.6 years.

The amounts recognised in the statement of financial position are as follows:

	The Group and The Bank	
		Restated
	2014	2013
	$'000	$'000
Present value of unfunded obligations	2,098,933	1,702,720

The movement in the defined benefit obligation is as follows:

	The Group and The Bank	
		Restated
	2014	2013
	$'000	$'000
At beginning of the year	1,702,720	1,481,329
Service cost	40,411	40,412
Interest cost	159,979	146,673
Remeasurements:		
Experience losses	233,277	212,233
Gains from changes in financial assumptions	-	(148,723)
Benefits paid	(37,454)	(29,204)
At end of year	2,098,933	1,702,720

The amounts recognised in the income statement are as follows:

	The Group and The Bank	
		Restated
	2014	2013
	$'000	$'000
Service cost	40,411	40,412
Net interest expense	159,979	143,673
Total, included in staff costs (Note 11)	200,390	187,085

37. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The sensitivity of the other post-employment benefit obligation to changes in the principal assumptions is as follows:

	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(293,258)	372,417
Medical cost inflation	1%	372,820	(298,096)
Life expectancy	1 year	62,400	(62,400)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(c) Risks associated with pension plans and post-employment schemes

Through its defined benefit pension and other post-employment benefit schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group does not use derivatives to manage its plan risk. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

Asset volatility risk

The scheme liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if scheme assets underperform this yield, this will create a deficit.

Interest rate risk

The schemes' liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the schemes' fixed-rate bond holdings.

Salary risk

The present value of the defined benefit schemes' liabilities is calculated by reference to the future salaries of participants. As such, an increase in the salaries of participants will increase the schemes' liabilities.

Longevity risk

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

38. Other Liabilities

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Accrued staff benefits	2,842,209	1,714,276	2,552,223	1,633,288
Due to customers, merchants and clients	2,668,608	1,943,738	2,349,967	1,594,144
Provision for asset tax	1,232,642	482,154	735,591	310,720
Accrued other operating expenses	1,656,427	2,317,345	1,238,758	1,446,913
Other	973,173	320,579	862,787	515,544
	9,373,059	6,778,092	7,739,326	5,500,609

39. Share Capital

	2014	2013
	$'000	$'000
Authorised – 5,750,000,000 ordinary shares		
Issued and fully paid up –		
2,466,762,828 ordinary stock units of no par value	6,465,731	6,465,731
5,293,916 ordinary stock units held by NCB Employee Share Scheme	(3,388)	(3,388)
Issued and outstanding	6,462,343	6,462,343

The NCB Employee Share Scheme was established in 1986 to acquire certain shares of NCB Group Limited, the then holding company for the Group, for the beneficial interest of eligible employees. The scheme holds 5.3 million units of the Bank's ordinary stock that have not been reissued to staff and are accounted for as treasury shares. The scheme, which is included in the consolidated financial statements, is currently dormant.

40. Fair Value and Capital Reserves

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fair value reserve	(917,985)	(759,431)	(209,210)	(461,839)
Capital reserve	3,325,252	3,249,991	374,471	374,471
	2,407,267	2,490,560	165,261	(87,368)
Capital reserve comprises:				
Realised –				
Capital gains from the scheme of arrangement	-	-	300,564	300,564
Surplus on revaluation of property, plant and equipment	92,991	92,991	-	-
Retained earnings capitalised	98,167	98,167	-	-
Share redemption reserve	1,077,382	1,077,382	-	-
Unrealised –			-	-
Translation reserve	1,399,493	1,048,769	-	-
Surplus on revaluation of property, plant and equipment	142,963	142,963	73,907	73,907
Share of movement in reserves of associate	59,472	334,935	-	-
Other	454,784	454,784	-	-
	3,325,252	3,249,991	374,471	374,471

41. Loan Loss Reserve

This is a non-distributable reserve representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 22).

42. Banking Reserve Fund

This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profits, as defined by the Act, of the Bank be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank. During the 2012 financial year, the amount of the fund surpassed the paid-up capital of the Bank and therefore no further mandatory transfers are required.

43. Retained Earnings Reserve

The Banking Act 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers.

The deposit liabilities of the Bank and other indebtedness for borrowed money together with all interest accrued should not exceed twenty-five times its capital base.

44. Cash Flows from Operating Activities

	Note	The Group		The Bank	
		2014	Restated 2013	2014	Restated 2013
		$'000	$'000	$'000	$'000
Net profit		11,642,073	8,578,858	7,848,332	4,643,393
Adjustments to reconcile net profit to net cash flow provided by operating activities:					
Depreciation	28	840,151	689,392	756,679	658,158
Amortisation of intangible assets	27	407,252	520,579	325,667	436,903
Impairment losses on securities	13	200,085	87,136	-	-
Share of after tax profits of associates	25	(902,696)	(861,178)	-	-
Negative goodwill on acquisition of subsidiary	48	(301,441)	-	-	-
Gain on disposal of associate		(349,042)	-	(1,796,456)	-
Provision for credit losses	22	2,226,949	2,066,260	2,230,406	2,066,260
Interest income	6	(36,899,627)	(32,810,385)	(26,127,855)	(22,911,521)
Interest expense	6	12,238,960	9,251,399	7,712,629	5,086,566
Income tax expense	15	3,142,766	2,472,246	1,361,327	998,474
Unrealised exchange losses on securitisation arrangements		1,099,991	639,654	1,099,991	639,654
Amortisation of upfront fees on securitisation arrangements		23,845	17,890	23,845	17,890
Unrealised exchange losses on other borrowed funds		238,005	164,892	118,970	133,346
Amortisation of upfront fees on other borrowed funds		1,520	(3,354)	1,520	(3,354)
Change in post-employment benefit obligations	37	190,592	212,734	153,516	187,085
Unrealised exchange gain on investments		(1,133,957)	(1,447,471)	(597,553)	(905,887)
(Gain)/loss on disposal of property, plant and equipment and intangible asset		(36,831)	940	(36,098)	1,178
Fair value gains on investment property	26	(22,000)	-	-	-
Fair value (gains)/losses on derivative financial instruments		(143,141)	58,897	(143,141)	58,897
Changes in operating assets and liabilities:					
Statutory reserves at Central Bank		(2,441,110)	(2,664,254)	(2,342,609)	(2,664,254)
Pledged assets included in due from other banks		(68,893)	(215,316)	(115,968)	(168,241)
Restricted cash included in due from other banks		(63,449)	458,788	(63,449)	458,788
Reverse repurchase agreements		(571,257)	8,400	(807,034)	(339,836)
Loans and advances		(18,356,129)	(31,491,220)	(18,140,112)	(31,527,953)
Customer deposits		21,992,735	15,675,263	19,073,395	18,546,685
Repurchase agreements		16,985,791	15,514,478	19,703,942	2,510,254
Liabilities under annuity and insurance contracts		316,404	1,944,662	-	-
Other		2,518,268	348,253	690,650	971,316
		1,133,741	(19,361,315)	3,082,262	(25,749,592)
Interest received		36,745,573	32,343,998	25,934,577	22,956,197
Interest paid		(11,402,066)	(9,423,414)	(7,011,027)	(5,239,957)
Income tax paid		(1,788,345)	(2,346,404)	(144,690)	(707,782)
		24,688,903	1,212,865	21,861,122	(8,741,134)
Net cash provided by/(used in) operating activities		36,330,976	9,791,723	29,709,454	(4,097,741)

45. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loans and advances								
Balance at September 30	225	15,918	6	-	226,326	124,327	983,407	1,819,540
Interest income earned	110	673	53	-	14,500	5,461	83,294	84,771
Investment securities	-							
Balance at September 30		-	-	-	-	-	-	-
Interest income earned	-	-	-	-	-	-	-	-
Reverse repurchase agreements								
Balance at September 30	-	-	671,754	6,371		-	-	-
Interest income earned	-	-	5,124	104,994	-	-	-	-
Other assets								
Balance at September 30	30,482	9,343	609	-		-	71,179	-
Fee and commission income	21,632	3,988	25,309	20,740	1,231	921	4,973	12,968
Other operating income	8,463	5,921	-	-	-	241	339,021	306,251

Notes to the Financial Statements

September 30, 2014

(expressed in Jamaican dollars unless otherwise indicated)

45. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Customer deposits								
Balance at September 30	30,725	43,304	2,605,054	1,172,629	128,698	224,573	515,119	937,225
Interest expense	4,070	1,222	6,049	4,374	927	1,038	3,136	11,321
Repurchase agreements								
Balance at September 30	218,284	-	842,222	1,016,795	761,369	708,890	130,164	-
Interest expense	6,002	-	34,728	89,690	15,081	15,288	3,835	-
Other liabilities								
Balance at September 30	2,587	9,052	-	-	50,928	20,609	-	22,884
Operating expenses	186,103	88,985	4,584	-	43,397	45,099	211,562	82,046

45. Related Party Transactions and Balances (Continued)

	The Bank							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loans and advances								
Balance at September 30	225	16,060	6	-	226,326	124,327	983,407	1,819,540
Interest income earned	110	673	53	-	14,500	5,461	83,294	84,771
Reverse repurchase agreements								
Balance at September 30	1,431,326	646,834	40,000	-	-	-	-	-
Interest income earned	74,702	55,452	4,045	1,757	-	-	-	-
Other assets								
Balance at September 30	103,437	76,017	-	-	-	-	-	-
Fee and commission income	42,978	73,042	25,309	20,740	929	680	4,177	9,230
Dividend income	1,615,111	2,015,277	205,495	179,949	-	-	8,088	-
Other operating income	62,425	26,521	-	-	-	-	-	-

45. Related Party Transactions and Balances (Continued)

	The Bank (Continued)							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Customer deposits								
Balance at September 30	619,723	1,094,675	2,605,054	1,172,629	129,698	131,645	515,119	936,325
Interest expense	8,577	6,451	6,049	4,374	927	1,038	3,136	11,321
Repurchase agreements								
Balance at September 30	10,247,304	11,477,528	805,345	155,048	-	-	-	-
Interest expense	652,239	428,266	34,000	67,240	-	-	-	-
Due to other banks								
Balance at September 30	11,267,831	10,378,787	-	-	-	-	-	-
Interest expense	415,053	119,357	-	-	-	-	-	-
Other liabilities								
Balance at September 30	31,268	22,254	-	-	-	-	-	-
Operating Expenses	383,909	400,848	4,584	-	8,376	8,158	211,562	82,046

45. Related Party Transactions and Balances (Continued)

	The Group		The Bank	
		Restated		Restated
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	555,326	560,543	484,114	485,953
Post-employment benefits	28,818	27,773	26,635	25,839
Termination benefits	47,229	-	47,228	-
	631,373	588,316	557,977	511,792
Directors' emoluments:				
Fees	29,779	22,347	9,373	7,872
Management remuneration	227,243	210,129	227,243	210,129

In February 2013, NCB Capital Markets Limited acquired the issued share capital of Advantage General Insurance Company Limited (Note 48) from AIC (Barbados) Limited and ACF Holdings Insurco Limited. Both AIC (Barbados) Limited and ACF Holdings Insurco Limited are ultimately controlled by the Chairman of the Bank.

In December 2013, the Group acquired AIC Finance Limited (Note 48) from AIC Financial Group Limited, which is ultimately controlled by the Chairman of the Bank.

46. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: credit, market, interest rate and liquidity risks.

The Group's risk management framework guides its risk-taking activities and ensures that it is in conformity with regulatory requirements, applicable laws, the Board's risk appetite, stockholders' expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk/reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while maximising long term shareholder value. The Group's comprehensive risk governance structure incorporates: (a) oversight effected through the Board, Board committees and relevant management committees, (b) administrative controls effected through the establishment of policies, and (c) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk-taking activities.

46. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterise the Board's risk tolerance and also that of the Regulator. Limits are established for:

(i) Credit and Counterparty risk - exposures to individuals, group, counterparty, country
(ii) Market risk - rate gap exposure, currency exposure, market value exposure
(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures
Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/or the Board of Directors.

(a) Credit risk
This is defined as potential for loss to the organisation arising from failure of a borrower, guarantor or counterparty to honour their contractual obligations to the Group.

The Group incurs credit and counterparty risk primarily in its loan business, reverse repurchase arrangements, and certain investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management is facilitated by a cadre of loans officers and credit risk personnel, who together operate within a control framework which employs a hierarchical level of authorisations for transactions that expose the organisation to credit risk. Operating practices include the establishment of limits, ongoing monitoring of credit risk exposures, a disciplined approach to provisioning and loan loss evaluation in addition to ongoing reporting of portfolio exposures to the relevant governance committees and the regulators.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

Credit review process
The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

The Group employs the following classifications in assessing its exposures to its borrowing customers. The classifications are in line with the Central Bank regulations.

Standard
Special Mention
Sub-Standard
Doubtful
Loss

Exposure to credit risk is mitigated by the taking of financial or physical assets.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) Loans - mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable and charges over financial instruments such as debt securities.

(ii) Securities lending and reverse repurchase transactions – cash or securities.

The Group may also obtain guarantees from parent companies for loans to their subsidiaries.

Collateral values are monitored with a view to requesting additional collateral where market values are compromised or the terms in the loan agreements dictate.

Impairment loss provision methodology

Provisions for impairment losses are assessed under three categories as described below:

Sub-standard, Doubtful or Loss rated loans

The Group identifies sub-standard, doubtful or loss rated loans as determined by Bank of Jamaica Regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant, Standard and Special Mention loans

Individually significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which include:

(i) Any significant financial difficulty being experienced by the borrower.
(ii) Breach of contract, such as default term, delinquency in principal and interest.
(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively assessed provisions

All loans, excluding those that are impaired, are assessed on a portfolio basis where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

The tables below show the loans and the associated impairment provision for each internal rating class:

The Group

	2014		2013	
	Loans $'000	**Impairment provision $'000**	**Loans $'000**	**Impairment provision $'000**
Standard	145,316,221	985,414	126,500,176	1,109,601
Special Mention	6,365,904	34,878	8,517,638	43,082
Sub-Standard	2,422,358	408,637	2,339,732	281,213
Doubtful	1,189,489	590,952	1,033,170	651,141
Loss	6,569,427	2,886,974	5,292,052	1,141,507
	161,863,399	4,906,855	143,682,768	3,226,544

The Bank

	2014		2013	
	Loans $'000	**Impairment provision $'000**	**Loans $'000**	**Impairment provision $'000**
Standard	144,138,004	974,031	125,951,909	1,109,601
Special Mention	6,360,053	34,878	8,403,254	43,082
Sub-Standard	2,422,358	408,637	2,334,157	281,213
Doubtful	1,112,746	590,952	1,028,215	645,689
Loss	6,525,204	2,886,974	5,256,745	1,141,507
	160,558,365	4,895,472	142,974,280	3,221,092

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Bank	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Unimpaired	154,430,912	137,988,143	153,147,236	137,314,961
Impaired	7,432,487	5,694,625	7,411,129	5,659,319
Gross	161,863,399	143,682,768	160,558,365	142,974,280
Less: provision for credit losses	(4,906,855)	(3,226,544)	(4,895,472)	(3,221,092)
Net	156,956,544	140,456,224	155,662,893	139,753,188

The ageing analysis of past due but not impaired loans was as follows:

	The Group		The Bank	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Less than 30 days	26,740,363	22,780,822	26,739,047	22,780,822
31 to 60 days	4,000,886	6,930,687	4,000,886	6,930,687
61 to 90 days	2,706,011	2,711,520	2,705,361	2,711,520
Greater than 90 days	2,458,870	2,248,809	2,454,609	2,248,809
	35,906,130	34,671,838	35,899,903	34,671,838

Of the aggregate amount of gross past due but not impaired loans, $25,541,157,000 was secured as at September 30, 2014 (2013 – $23,328,408,000).

Restructured loans

Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, as defined in paragraph 59(c) of IAS 39, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

The table below represents a worst case scenario of credit risk exposure of the Group and the Bank at the date of the statement of financial position, without taking account of any collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

	The Group		The Bank	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on-balance sheet assets:				
Balances with Central Bank	26,324,470	21,338,856	26,223,471	21,332,716
Due from other banks	21,792,564	20,658,528	20,433,888	20,070,799
Derivative financial instruments	581,668	387,304	529,008	387,304
Investment securities at fair value through profit or loss	381,373	237,313	-	-
Reverse repurchase agreements	1,621,798	328,105	1,471,326	760,724
Loans and advances, net of provision for credit losses	157,630,000	141,150,312	156,335,868	140,443,240
Investment securities classified as available-for-sale and loans and receivables	262,716,787	233,158,021	116,077,174	92,209,316
Customers' liability – letters of credit and undertaking	1,270,160	1,479,108	1,270,160	1,479,108
	472,318,820	418,737,547	322,340,895	276,683,207
Credit risk exposures relating to off-balance sheet items:				
Credit commitments	28,207,396	24,656,601	28,207,396	24,656,601
Acceptances, guarantees and indemnities	6,881,226	4,828,252	4,120,851	3,314,860
	35,088,622	29,484,853	32,328,247	27,971,461

46. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica. The following table summarises the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Bank	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Agriculture	6,458,274	2,113,374	6,441,746	2,113,374
Central government	7,544,630	5,270,831	7,539,475	5,270,831
Construction and land development	14,916,867	13,872,394	14,899,144	13,872,394
Other financial institutions	1,559,895	1,448,332	1,531,156	1,448,332
Distribution	16,121,889	15,507,511	16,013,039	15,507,511
Electricity, water & gas	4,186,884	3,559,186	4,186,884	3,559,186
Entertainment	1,417,904	1,401,039	1,417,904	1,401,039
Manufacturing	4,330,436	4,048,451	4,300,359	4,048,451
Mining and processing	370,556	345,693	370,556	345,693
Personal	72,376,881	65,254,160	72,214,922	64,545,726
Professional and other services	6,335,888	6,447,623	6,299,783	6,447,623
Tourism	17,777,419	15,398,266	17,765,048	15,398,266
Transportation storage and communication	2,858,494	2,687,317	2,844,163	2,687,317
Overseas residents	5,607,382	6,328,591	4,734,186	6,328,537
Total	161,863,399	143,682,768	160,558,365	142,974,280
Total provision	(4,906,855)	(3,226,544)	(4,895,472)	(3,221,092)
	156,956,544	140,456,224	155,662,893	139,753,188
Interest receivable	673,456	694,088	672,975	690,052
Net	157,630,000	141,150,312	156,335,868	140,443,240

(ii) Debt securities

The following table summarises the credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Bank	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Government of Jamaica and Bank of Jamaica	225,072,311	196,232,896	107,336,286	84,025,795
Government of Jamaica guaranteed corporate bonds	14,822,275	18,062,391	1,859,212	2,002,653
Other corporate bonds	14,887,696	12,238,884	3,783,554	3,425,479
Foreign governments	4,450,158	3,144,605	1,551,089	1,408,140
	259,232,440	229,678,776	114,530,141	90,862,067
Interest receivable	3,865,620	3,716,558	1,547,033	1,347,249
	263,098,060	233,395,334	116,077,174	92,209,316

46. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is a sufficient level of liquid assets available in addition to stable funding lines to meet ongoing cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each group company;

(iii) Use of tools to measure the organisation's exposures;

(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;

(v) Diversification of funding sources;

(vi) Maintenance of committed lines of credits; and

(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group's liquidity exposure. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets and liabilities based on the remaining period.

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2014:						
Due to other banks	2,739,391	950,038	862,816	2,530,960	-	7,083,205
Customer deposits	167,312,698	11,903,766	22,438,469	1,070,223	1,968	202,727,124
Repurchase agreements	44,071,860	42,222,085	47,790,834	2,283,892	36,190	136,404,861
Obligations under securitisation arrangements	-	248,839	1,684,238	16,611,841	-	18,544,918
Other borrowed funds	2,599,887	435,046	4,678,821	4,117,544	1,263,137	13,094,435
Liabilities under annuity and insurance contracts	398,634	1,553,288	7,476,471	20,718,282	61,135,711	91,282,386
Other	8,008,362	1,327,094	281,357	30,000	43,239	9,690,052
Total financial liabilities (contractual maturity dates)	225,130,832	58,640,156	85,213,006	47,362,742	62,480,245	478,826,981
Total financial liabilities (expected maturity dates)	91,550,447	49,641,309	78,301,437	62,092,664	197,241,124	478,826,981
Total financial assets (expected maturity dates)	44,172,687	26,705,063	65,748,190	264,830,634	319,489,758	720,946,333

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2013:						
Due to other banks	4,018,890	7,740,808	4,318,641	763,560	1,698,120	18,540,019
Customer deposits	150,648,471	12,451,410	11,928,354	3,765,224	-	178,793,459
Repurchase agreements	48,116,702	41,305,324	23,708,344	5,711,213	8,405	118,849,988
Obligations under securitisation arrangements	-	183,312	549,935	12,889,853	-	13,623,100
Other borrowed funds	125,691	1,042,061	624,274	3,442,705	1,212,677	6,447,408
Liabilities under annuity and insurance contracts	4,370,009	964,867	7,020,034	18,485,791	57,041,802	87,882,503
Other	5,202,756	1,306,134	292,234	17,100	98,097	6,916,321
Total financial liabilities (contractual maturity dates)	212,482,519	64,993,916	48,441,816	45,075,446	60,059,101	431,052,798
Total financial liabilities (expected maturity dates)	48,631,983	26,782,184	25,454,370	149,855,919	180,328,342	431,052,798
Total financial assets (expected maturity dates)	42,751,571	14,118,434	51,089,966	207,965,777	283,527,211	599,452,959

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2014:						
Due to other banks	4,056,445	2,130,026	4,951,955	2,530,960	-	13,669,386
Customer deposits	170,879,413	10,326,324	17,715,171	237,864	-	199,158,772
Repurchase agreements	11,149,304	5,054,170	32,742,878	2,250,531	-	51,196,883
Obligations under securitisation arrangements	-	248,839	1,684,238	16,611,841	-	18,544,918
Other borrowed funds	37,252	245,763	3,748,322	3,765,625	1,263,137	9,060,099
Other	5,794,344	1,172,570	281,357	30,000	43,239	7,321,510
Total financial liabilities (contractual maturity dates)	191,916,758	19,177,692	61,123,921	25,426,821	1,306,376	298,951,568
Total financial liabilities (expected maturity dates)	58,125,345	10,323,576	53,847,310	40,146,307	136,509,030	298,951,568
Total financial assets (expected maturity dates)	43,902,203	16,453,414	35,548,892	194,114,677	198,987,058	489,006,244

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2013:						
Due to other banks	6,060,044	9,288,919	4,721,847	763,560	1,698,120	22,532,490
Customer deposits	157,104,452	12,172,097	10,082,924	12,170	-	179,371,643
Repurchase agreements	11,491,779	7,256,082	6,898,152	5,513,646	-	31,159,659
Obligations under securitisation arrangements	-	183,312	549,935	12,889,853	-	13,623,100
Other borrowed funds	35,193	127,003	412,211	2,185,136	1,212,677	3,972,220
Other	4,102,485	1,131,295	292,234	17,100	98,097	5,641,211
Total financial liabilities (contractual maturity dates)	178,793,953	30,158,708	22,957,303	21,381,465	3,008,894	256,300,323
Total financial liabilities (expected maturity dates)	48,110,750	21,745,660	17,139,563	46,017,810	123,286,540	256,300,323
Total financial assets (expected maturity dates)	40,429,581	8,979,892	29,330,081	131,221,321	157,737,853	367,698,728

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

46. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

Off-balance sheet items

The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2014				
Credit commitments	28,207,396	-	-	28,207,396
Guarantees, acceptances and other financial facilities	5,594,133	278,978	1,008,115	6,881,226
Operating lease commitments	200,283	357,985	15,285	573,553
Capital commitments	2,253,126	-	-	2,253,126
	36,254,938	636,963	1,023,400	37,915,301
At September 30, 2013				
Credit commitments	24,656,601	-	-	24,656,601
Guarantees, acceptances and other financial facilities	3,151,275	589,746	1,087,231	4,828,252
Operating lease commitments	133,640	297,072	158,386	589,098
Capital commitments	1,900,461	-	-	1,900,461
	29,841,977	886,818	1,245,617	31,974,412

	The Bank			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2014				
Credit commitments	28,207,296	-	-	28,207,296
Guarantees, acceptances and other financial facilities	2,833,758	278,978	1,008,115	4,120,851
Operating lease commitments	200,283	357,985	15,285	573,553
Capital commitments	1,711,634	-	-	1,711,634
	32,952,971	636,963	1,023,400	34,613,334
At September 30, 2013				
Credit commitments	24,656,601	-	-	24,656,601
Guarantees, acceptances and other financial facilities	1,637,883	589,746	1,087,231	3,314,860
Operating lease commitments	133,640	297,072	158,386	589,098
Capital commitments	1,030,437	-	-	1,030,437
	27,458,561	886,818	1,245,617	29,590,996

Capital commitments are in relation to approved expenditures for property, plant, equipment and computer software that were unused as at the end of the respective financial years either because they relate to work in progress or are awaiting the start of the project. Of the total capital commitments, planned expenditure valuing $1,506,008,000 (2013 – $1,137,846,000) for the Group has already been contracted for.

46. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Group incurs market risk primarily in treasury, trading and structural banking activities. The Group takes a comprehensive governance approach in accordance with the enterprise-wide risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- The utilisation of tools and models to measure market risk exposure.
- Limit setting mechanisms and a monitoring process.
- The utilisation of scenario analysis and of stress testing for worst case events.

There has been no change to the manner in which the Group manages and measures this risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes on open position in a currency. To control this exchange risk, the Group has approved limits for net open positions in each currency for both intra-day and overnight.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments

The tables below summarise the Group's and the Bank's exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

	The Group					
	$	US$	GBP	CAN$	Other	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Banks	18,212,043	10,080,753	1,151,129	224,373	126,817	29,795,115
Due from other banks	1,062,057	10,575,181	7,385,504	1,450,804	1,319,018	21,792,564
Investment securities at fair value through profit or loss	128,710	394,683	-	-	-	523,393
Reverse repurchase agreements	1,046,503	545,970	-	-	29,325	1,621,798
Loans and advances net of provision for credit losses	105,491,089	51,729,880	3	(24)	409,052	157,630,000
Investment securities classified as available-for-sale and loans and receivables	137,463,274	121,097,223	2,900,840	-	2,186,027	263,647,364
Other	4,823,841	985,908	6,281	211	83,926	5,900,167
Total financial assets	268,227,517	195,409,598	11,443,757	1,675,364	4,154,165	480,910,401
Liabilities						
Due to other banks	813,737	5,338,401	92,564	51,016	40,856	6,336,574
Customer deposits	104,665,233	85,091,497	8,837,927	1,225,561	2,342,174	202,162,392
Repurchase agreements	73,042,680	58,917,985	1,519,468	230,226	980,267	134,690,626
Obligations under securitisation arrangements	-	14,106,842	-	-	-	14,106,842
Other borrowed funds	4,118,632	7,874,784	-	-	-	11,993,416
Liabilities under annuity and insurance contracts	33,954,514	276,396	-	-	-	34,230,910
Other	7,637,873	1,861,311	39,318	6,690	23,237	9,568,429
Total financial liabilities	224,232,669	173,467,216	10,489,277	1,513,493	3,386,534	413,089,189
Net on-balance sheet position	43,994,848	21,942,382	954,480	161,871	767,631	67,821,212
Guarantees, acceptances and other financial facilities	2,271,491	4,601,807	219	-	7,709	6,881,226
Credit commitments	25,879,146	2,328,250	-	-	-	28,207,396

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Group					
	$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Banks	15,729,159	7,395,701	1,007,201	236,651	19,971	24,388,683
Due from other banks	376,035	12,194,886	6,286,377	1,265,654	535,576	20,658,528
Investment securities at fair value through profit or loss	148,682	232,073	-	-	-	380,755
Reverse repurchase agreements	774	327,331	-	-	-	328,105
Loans and advances net of provision for credit losses	93,389,173	47,761,139	-	-	-	141,150,312
Investment securities classified as available-for-sale and loans and receivables	143,682,775	87,117,725	1,213,006	-	2,043,192	234,056,698
Other	3,970,347	1,893,825	10,620	220	87	5,875,099
Total financial assets	257,296,945	156,922,680	8,517,204	1,502,525	2,598,826	426,838,180
Liabilities						
Due to other banks	3,291,886	13,971,466	77,278	47,874	21,696	17,410,200
Customer deposits	106,574,328	62,035,279	7,710,329	1,217,423	873,662	178,411,021
Repurchase agreements	44,344,418	70,316,758	1,244,844	315,425	1,155,950	117,377,395
Obligations under securitisation arrangements	-	10,351,691	-	-	-	10,351,691
Other borrowed funds	3,079,094	1,823,787	-	-	-	4,902,881
Liabilities under annuity and insurance contracts	33,784,403	130,103	-	-	-	33,914,506
Other	4,551,434	2,261,028	66,771	9,082	28,006	6,916,321
Total financial liabilities	195,625,563	160,890,112	9,099,222	1,589,804	2,079,314	369,284,015
Net on-balance sheet position	61,671,382	(4,067,432)	(582,018)	(87,279)	519,512	57,454,165
Guarantees, acceptances and other financial facilities	2,319,015	2,501,565	201	-	7,471	4,828,252
Credit commitments	20,677,582	3,979,019	-	-	-	24,656,601

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Bank					
	J$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Bank	18,209,245	10,080,687	1,141,631	224,373	28,212	29,684,148
Due from other banks	1,155,547	9,621,293	7,269,698	1,452,502	934,848	20,433,888
Reverse repurchase agreements	1,127,965	343,361	-	-	-	1,471,326
Loans and advances net of provision for credit losses	105,491,037	50,844,852	3	(24)	-	156,335,868
Investment securities classified as available-for-sale and loans and receivables	47,040,182	65,020,119	2,900,840	-	1,504,687	116,465,828
Other	3,858,986	907,103	6,281	210	-	4,772,580
Total financial assets	176,882,962	136,817,415	11,318,453	1,677,061	2,467,747	329,163,637
Liabilities						
Due to other banks	1,056,607	10,980,530	112,046	61,136	419,971	12,630,290
Customer deposits	106,460,406	79,421,039	10,489,327	1,444,520	900,531	198,715,823
Repurchase agreements	34,374,732	15,332,829	-	-	439,178	50,146,739
Obligations under securitisation arrangements	-	14,106,842	-	-	-	14,106,842
Other borrowed funds	2,647,639	5,588,688	-	-	-	8,236,327
Other	5,816,455	1,466,912	36,805	1,339	(2)	7,321,509
Total financial liabilities	150,355,839	126,896,840	10,638,178	1,506,995	1,759,678	291,157,530
Net on-balance sheet position	26,527,123	9,920,574	680,275	170,066	708,069	38,006,107
Guarantees, acceptances and other financial facilities	2,271,491	1,841,432	219	-	7,709	4,120,851
Credit commitments	25,879,146	2,328,250	-	-	-	28,207,396

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Bank					
	$	US$	GBP	CAN$	Other	Total
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Central Bank	15,722,765	7,395,689	1,002,455	236,651	19,971	24,377,531
Due from other banks	471,252	11,444,382	6,417,064	1,265,829	472,272	20,070,799
Reverse repurchase agreements	32,000	728,724	-	-	-	760,724
Loans and advances net of provision for credit losses	93,389,122	47,054,118	-	-	-	140,443,240
Investment securities classified as available-for-sale and loans and receivables	53,441,327	36,843,271	962,314	-	1,564,601	92,811,513
Other	2,848,985	1,107,394	10,620	220	86	3,967,305
Total financial assets	165,905,451	104,573,578	8,392,453	1,502,700	2,056,930	282,431,112
Liabilities						
Due to other banks	3,270,126	16,263,194	1,308,968	347,871	240,158	21,430,317
Customer deposits	107,105,940	62,239,128	7,857,358	1,227,947	669,282	179,099,655
Repurchase agreements	8,956,332	20,668,985	-	-	646,324	30,271,641
Obligations under securitisation arrangements	-	10,351,691	-	-	-	10,351,691
Other borrowed funds	1,358,817	1,628,722	-	-	-	2,987,539
Other	3,959,648	1,580,709	65,973	6,875	28,006	5,641,211
Total financial liabilities	124,650,863	112,732,429	9,232,299	1,582,693	1,583,770	249,782,054
Net on-balance sheet position	41,254,588	(8,158,851)	(839,846)	(79,993)	473,160	32,649,058
Guarantees, acceptances and other financial facilities	2,168,298	1,138,891	201	-	7,470	3,314,860
Credit commitments	20,677,582	3,979,019	-	-	-	24,656,601

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Bank have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear.

There was no effect on other comprehensive income.

	2014			2013		
	% Change in Currency Rate	Effect on Net Profit		% Change in Currency Rate	Effect on Net Profit	
		The Group	The Bank		The Group	The Bank
		$'000	$'000		$'000	$'000
Currency:						
USD	1% Appreciation	(219,424)	(99,206)	4% Appreciation	162,697	326,354
	10% Depreciation	2,194,238	992,057	10% Depreciation	(406,743)	(815,885)
GBP	1% Appreciation	(9,545)	(6,803)	4% Appreciation	23,281	33,594
	10% Depreciation	95,448	68,028	10% Depreciation	(58,202)	(83,985)
CAN	1% Appreciation	(1,619)	(1,701)	4% Appreciation	3,491	3,200
	10% Depreciation	16,187	17,007	10% Depreciation	(8,728)	(7,999)

(ii) Interest rate risk

Interest rate risk arises when the Group's principal and interest cash flows from on and off balance sheet items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Group's policy requires that such mismatches are managed. Accordingly, the Board requires that a comprehensive system of limits, gap analysis and stress testing be used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	11,421,101	-	-	-	-	18,374,014	29,795,115
Due from other banks	12,776,727	4,539,750	1,244,657	180,042	-	3,051,388	21,792,564
Investment securities at fair value through profit or loss	-	-	22,383	72,768	280,569	147,673	523,393
Reverse repurchase agreements	125,943	219,394	1,263,035	-	-	13,426	1,621,798
Loans and advances net of provision for credit losses	63,704,601	26,048,826	4,326,029	42,187,092	17,322,054	4,041,398	157,630,000
Investment securities classified as available-for-sale and loans and receivables	54,859,984	34,461,142	22,074,153	99,763,728	47,800,146	4,688,211	263,647,364
Other	-	-	-	-	-	5,900,167	5,900,167
Total financial assets	142,888,356	65,269,112	28,930,257	142,203,630	65,402,769	36,216,277	480,910,401
Liabilities							
Due to other banks	505,067	888,960	742,681	1,867,942	-	2,331,924	6,336,574
Customer deposits	130,130,119	11,708,548	21,683,144	981,005	1,769	37,657,807	202,162,392
Repurchase agreements	43,801,009	41,285,132	46,208,974	2,282,220	32,729	1,080,562	134,690,626
Obligations under securitisation arrangements	-	14,065,825	-	-	-	41,017	14,106,842
Other borrowed funds	2,571,391	444,654	4,550,425	3,320,552	1,061,288	45,105	11,993,415
Liabilities under annuity and insurance contracts	30,598,110	-	-	-	-	3,632,800	34,230,910
Other	-	-	-	-	-	9,568,429	9,568,429
Total financial liabilities	207,605,696	68,393,119	73,185,224	8,451,719	1,095,786	54,357,644	413,089,188
On-balance sheet interest sensitivity gap	(64,717,340)	(3,124,007)	(44,254,967)	133,751,911	64,306,983	(18,141,367)	67,821,213
Cumulative interest sensitivity gap	(64,717,340)	(67,841,347)	(112,096,314)	21,655,597	85,962,580	67,821,213	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	7,708,579	-	-	-	-	16,680,104	24,388,683
Due from other banks	15,753,503	1,097,451	1,032,354	-	-	2,775,220	20,658,528
Investment securities at fair value through profit or loss	4,789	275	9,925	101,477	117,437	146,852	380,755
Reverse repurchase agreements	176,933	73,056	76,873	-	-	1,243	328,105
Loans and advances net of provision for credit losses	57,656,259	36,521,197	4,952,543	27,183,363	10,578,959	4,257,991	141,150,312
Investment securities classified as available-for-sale and loans and receivables	53,187,443	27,083,479	24,120,390	61,334,694	63,247,277	5,083,415	234,056,698
Other	-	-	-	-	-	5,875,099	5,875,099
Total financial assets	134,487,506	64,775,458	30,192,085	88,619,534	73,943,673	34,819,924	426,838,180
Liabilities							
Due to other banks	4,825,711	6,683,703	2,167,938	309,704	1,238,819	2,184,325	17,410,200
Customer deposits	116,120,909	13,343,960	12,505,133	480,696	-	35,960,323	178,411,021
Repurchase agreements	47,775,871	40,869,979	22,614,509	5,349,577	1,989	765,470	117,377,395
Obligations under securitisation arrangements	-	10,323,490	-	-	-	28,201	10,351,691
Other borrowed funds	118,943	960,682	482,507	2,477,982	829,636	33,131	4,902,881
Liabilities under annuity and insurance contracts	29,510,434	274,534	844,908	-	-	3,284,630	33,914,506
Other	-	-	-	-	-	6,916,321	6,916,321
Total financial liabilities	198,351,868	72,456,348	38,614,995	8,617,959	2,070,444	49,172,401	369,284,015
On-balance sheet interest sensitivity gap	(63,864,362)	(7,680,890)	(8,422,910)	80,001,575	71,873,229	(14,352,477)	57,554,165
Cumulative interest sensitivity gap	(63,864,362)	(71,545,252)	(79,968,162)	33,413	71,906,642	57,554,165	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Bank	11,411,526	-	-	-	-	18,272,622	29,684,148
Due from other banks	14,085,902	3,051,228	-	-	-	3,296,758	20,433,888
Reverse repurchase agreements	40,000	-	1,416,032	-	-	15,294	1,471,326
Loans and advances net of provision for credit losses	63,660,215	26,043,098	3,920,235	41,820,968	16,804,956	4,086,396	156,335,868
Investment securities classified as available-for-sale and loans and receivables	15,602,639	4,772,382	7,314,591	66,959,104	19,604,670	2,212,442	116,465,828
Other	-	-	-	-	-	4,772,580	4,772,580
Total financial assets	104,800,282	33,866,708	12,650,858	108,780,072	36,409,626	32,656,092	329,163,638
Liabilities							
Due to other banks	1,464,586	2,068,948	4,561,756	1,867,942	-	2,667,058	12,630,290
Customer deposits	133,725,836	10,162,733	17,099,539	209,576	-	37,518,139	198,715,823
Repurchase agreements	10,935,113	4,799,776	31,741,244	2,250,536	-	420,070	50,146,739
Obligations under securitisation arrangements	-	14,065,825	-	-	-	41,017	14,106,842
Other borrowed funds	34,225	258,036	3,899,811	2,965,916	1,061,288	17,051	8,236,327
Other	-	-	-	-	-	7,321,509	7,321,509
Total financial liabilities	146,159,760	31,335,318	57,302,350	7,293,970	1,061,288	47,984,844	291,157,530
On-balance sheet interest sensitivity gap	(41,359,478)	2,511,390	(44,651,492)	101,486,102	35,348,338	(15,328,752)	38,006,108
Cumulative interest sensitivity gap	(41,359,478)	(38,848,088)	(83,499,580)	17,986,522	53,334,860	38,006,108	

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Bank	7,703,822	-	-	-	-	16,673,709	24,377,531
Due from other banks	15,335,646	1,097,456	1,032,349	-	-	2,605,348	20,070,799
Reverse repurchase agreements	145,802	299,381	309,705	-	-	5,836	760,724
Loans and advances net of provision for credit losses	57,620,955	36,443,790	4,438,792	27,106,844	10,578,959	4,253,900	140,443,240
Investment securities classified as available-for-sale and loans and receivables	20,168,670	3,353,468	6,108,864	26,234,900	34,996,164	1,949,447	92,811,513
Other	-	-	-	-	-	3,967,305	3,967,305
Total financial assets	100,974,895	41,194,095	11,889,710	53,341,744	45,575,123	29,455,545	282,431,112
Liabilities							
Due to other banks	3,872,443	9,158,725	4,596,493	-	1,548,524	2,254,132	21,430,317
Customer deposits	121,389,356	12,012,402	9,858,357	11,231	-	35,828,309	179,099,655
Repurchase agreements	11,341,838	7,104,587	6,414,557	5,161,745	-	248,914	30,271,641
Obligations under securitisation arrangements	-	10,323,490	-	-	-	28,201	10,351,691
Other borrowed funds	29,869	81,598	292,979	1,744,965	829,636	8,492	2,987,539
Other	-	-	-	-	-	5,641,211	5,641,211
Total financial liabilities	136,633,506	38,680,802	21,162,386	6,917,941	2,378,160	44,009,259	249,782,054
On-balance sheet interest sensitivity gap	(35,658,611)	2,513,293	(9,272,676)	46,423,803	43,196,963	(14,553,714)	32,649,058
Cumulative interest sensitivity gap	(35,658,611)	(33,145,318)	(42,417,994)	4,005,809	47,202,772	32,649,058	

(expressed in Jamaican dollars unless otherwise indicated)

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group				The Bank			
	$	US$	CAN$	GBP	$	US$	CAN$	GBP
	%	%	%	%	%	%	%	%
September 30, 2014								
Assets								
Balances at Central Banks	0.3	0.1	0.4	0.1	0.3	0.1	0.4	0.1
Due from other banks	6.3	2.4	0.8	0.3	6.3	2.4	0.8	0.3
Investment securities at fair value through profit or loss	-	6.5	-	-	-	-	-	-
Reverse repurchase agreements	7.5	3.5	1.0	-	6.9	4.1	1.0	-
Loans and advances	15.8	7.2	-	-	15.8	7.2	-	-
Investment securities classified as available-for-sale and loans and receivables	7.9	5.4	-	10.1	7.6	7.3	-	10.1
Liabilities								
Due to other banks	7.8	4.2	1.4	1.7	7.8	4.2	1.4	1.7
Customer deposits	1.6	1.7	0.3	0.4	1.6	1.7	0.3	0.4
Repurchase agreements	7.2	3.5	1.1	1.5	7.5	4.9	-	-
Obligations under securitisation arrangements	-	7.0	-	-	-	7.0	-	-
Other borrowed funds	5.8	6.3	-	-	7.7	4.4	-	-
September 30, 2013								
Assets								
Balances at Central Banks	0.3	0.1	0.3	0.1	0.3	0.1	0.3	0.1
Due from other banks	4.9	0.2	0.6	0.4	4.9	0.2	0.6	0.4
Investment securities at fair value through profit or loss	7.2	7.0	-	-	-	-	-	-
Reverse repurchase agreements	8.0	4.2	-	1.5	6.0	4.0	-	1.5
Loans and advances	16.5	7.3	-	-	16.5	7.3	-	-
Investment securities classified as available-for-sale and loans and receivables	7.8	8.9	-	13.5	8.2	8.2	-	13.5
Liabilities								
Due to other banks	4.9	4.6	-	-	4.9	4.6	-	-
Customer deposits	1.3	1.2	0.4	0.6	1.3	1.2	0.4	0.6
Repurchase agreements	5.6	3.5	-	1.5	6.5	4.7	1.5	1.8
Obligations under securitisation arrangements	-	6.8	-	-	-	6.8	-	-
Other borrowed funds	8.5	4.3	-	-	10.2	4.0	-	-

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Change in basis points:				
Decrease - JMD -100 and USD -50	(475,006)	1,239,875	(973,298)	3,497,635
Increase - JMD +250 and USD +200	1,209,954	(3,675,092)	973,298	(3,497,635)

	The Bank			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Change in basis points:				
Decrease - JMD -100 and USD -50	(89,145)	683,835	(256,305)	1,996,354
Increase - JMD +250 and USD +200	222,862	(1,936,521)	256,305	(1,996,354)

46. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of other entities that are publicly traded on the Jamaica Stock Exchange.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as available-for-sale. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Percentage change in share price				
10% decrease	(11,433)	(81,866)	(14,344)	(213,714)
10% increase	11,433	81,866	14,344	213,714

	The Bank			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Percentage change in share price				
10% decrease	-	(39,358)	-	(58,394)
10% increase	-	39,358	-	58,394

46. Financial Risk Management (Continued)

(d) Derivative financial instruments

The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

(e) Insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk

The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a twofold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

	Total Benefits Assured - Individual			
	2014		2013	
Benefits assured per life assured ($'000)	$'000 Contracts with Investment Options	$'000 Contracts without Investment Options	$'000 Contracts with Investment Options	$'000 Contracts without Investment Options
0 – 1,000	13,575,374	2,623,405	13,050,222	2,268,387
1,000 – 2,000	3,802,735	8,887,048	3,735,884	7,762,263
2,000 – 5,000	4,911,474	5,946,703	4,813,412	4,752,931
5,000 – 10,000	2,929,325	-	3,059,864	-
Over 10,000	3,769,785	-	3,968,070	-
	28,988,693	17,457,156	28,627,452	14,783,581

	Total Benefits Assured - Group			
	2014		2013	
Benefits assured per life assured ($'000)	$'000 Before Re-insurance	$'000 After Re-insurance	$'000 Before Re-insurance	$'000 After Re-insurance
0 – 1,000	15,557,713	15,557,030	13,174,370	13,174,058
1,000 – 2,000	12,080,916	12,078,730	10,468,224	10,467,684
2,000 – 5,000	16,329,026	16,181,778	12,528,477	12,197,857
5,000 – 10,000	13,821,887	10,080,728	12,993,333	7,830,093
Over 10,000	9,977,779	3,270,844	8,571,683	2,340,799
	67,767,321	57,169,110	57,736,087	46,010,491

The Group uses catastrophe re-insurance cover against its Ordinary Life, Group Life and Creditor Life contracts as the main risks faced by these contracts are interest rate and liquidity.

- The premium ceded during the year in respect of catastrophe re-insurance cover amounted to $25,926,000 (2013 – $24,649,000). Premium income recognised in the income statement is shown net of these amounts.
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $6,042,000 (2013 – $Nil).
- At September 30, 2014, premiums payable under re-insurance contracts amounted to $1,663,000 (2013 – $2,107,000).
- At September 30, 2014, there were no amounts receivable from reinsurers in respect of policyholders' benefits (2013 – $Nil).

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

The following table for annuity contracts illustrates the concentration of risk in relation to the amount payable as if the annuity were in payment at the year end:

	Total Annuities Payable	
	2014	2013
	$'000	$'000
Annuity payable per annum per annuitant ($'000)		
0 -100	32,488	30,169
100 - 300	75,727	64,928
300 – 500	90,594	70,914
500 – 1,000	150,968	130,877
Over 1,000	636,773	598,928
	986,550	895,816

The Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuary, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

Process used in deriving assumptions

The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:

(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and

(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. See Note 35 for details on policy assumptions.

Reinsurance risk

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The current reinsurer is Swiss Re (registered in Canada) whose financial strength rating from Standard & Poor's is AA- (at June 2014) and from AM Best A+ (at January 2014).

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit, the limits of coverage accepted by the Group under these contracts falls into two main categories with limits of $2,000,000 and $5,000,000 per life, coverage in excess of these limits is ceded to reinsurers.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through policies which provide guidance on how to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain "A" rating, in keeping with the company's Board approved Reinsurance Risk Management Policy.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Motor insurance

Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

The risks relating to motor contracts are managed primarily through the pricing and selection process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property insurance

Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance

Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the company makes assumptions that costs will increase in line with the latest available research.

46. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk

The following table shows the Group's exposure to Property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
2014					
Gross	129,351	220,630	7,227,503	1,680	7,579,164
Net of proportional reinsurance	123,916	58,252	7,131,030	1,648	7,314,846
2013					
Gross	116,198	213,632	7,119,634	6,945	7,456,408
Net of proportional reinsurance	112,775	56,448	6,989,674	6,759	7,165,655

Claims development

Claims development information is disclosed in order to illustrate the property and casualty insurance risk inherent in the Group. The upper section of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower section of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

	2009	2010	2011	2012	2013	2014	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of cumulative claims at end of financial year	2,210,414	2,236,996	2,077,084	1,951,568	2,170,646	1,655,239	
One year later	2,349,689	2,258,643	2,023,825	2,018,656	2,311,591	-	
Two years later	2,491,773	2,400,597	2,404,734	2,228,428	-	-	
Three years later	2,645,626	2,574,326	2,545,365	-	-	-	
Four years later	2,704,756	2,671,753	-	-	-	-	
Five years later	2,737,136	-	-	-	-	-	
Estimate of cumulative claims	2,737,136	2,671,753	2,545,365	2,228,428	2,311,591	1,655,239	14,149,511
Cumulative payments to date	2,478,563	2,284,805	1,995,412	1,490,525	1,171,069	325,075	9,745,449
Net outstanding claims liability	258,573	386,948	549,952	737,903	1,140,522	1,330,163	4,404,062

46. Financial Risk Management (Continued)

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

All of the Group's significant subsidiaries and associates are individually regulated by the Financial Services Commission (FSC) or other regulators. The regulatory requirements that the subsidiaries are subject to include minimum capital and liquidity requirements which may limit the Bank's ability to extract capital or funds for other uses. The Group's subsidiaries and associates are also subject to statutory requirements not to make distributions of capital and generally to maintain solvency. In most cases, the regulatory restrictions are more onerous than the statutory restrictions. Certain Group subsidiaries also raise finance using their financial assets as collateral. Encumbered assets are not available for transfer around the Group. The assets typically affected are disclosed in Note 24.

(i) The Bank

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Central Bank, and the relevant management committees. The required information is filed with the respective Authority at the stipulated intervals.

The Central Bank requires the Bank to:

- Hold a specified level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and net unrealised loss positions arising from fair value accounting are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on fair valuation of instruments held as available-for-sale.

Investments and share of accumulated losses in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank met all the regulatory capital requirements as at September 30, 2014.

46. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Company Limited

The company maintains a capital structure consisting mainly of shareholders' funds consistent with the company's profile and the regulatory and market requirements. The company is subject to a number of regulatory capital tests and also employs scenario testing on an annual basis to assess the adequacy of capital. The company has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency is measured using the regulations prescribed by the FSC. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the company.

The relevant capital requirement is the Minimum Continuing Capital Surplus Ratio (MCCSR) determined in accordance with the FSC regulations. This ratio is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. The company met all FSC regulatory capital requirements as at September 30, 2014.

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's financial position and financial condition in different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the statement of financial position at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

46. Financial Risk Management (Continued)

(f) Capital management (continued)

(iii) Advantage General Insurance Company Limited

The company is regulated by the FSC and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the primary measure used to assess capital adequacy is the Minimum Capital Test (MCT). This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. As at September 30, 2014, the company was in compliance with the requirement set by the FSC.

(iv) NCB Capital Markets Limited

The company is regulated by the Financial Services Commission (FSC) and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements the company is able to offer to clients. In addition to the requirements of the FSC, the company also engages in periodic internal testing which is reviewed by the Risk and Compliance Unit. Capital adequacy is managed at the operational level of the company.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as available for sale.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to test capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are ‘Capital over Total Assets’ and the ‘Capital Base over Risk Weighted Assets (RWA)’.

There was no change in relation to how the company manages its capital during the financial year.

The company met all the FSC regulatory capital requirements as at September 30, 2014.

47. Fair Values of Financial Instruments

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted market prices included within level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper and most liquid corporate bonds. Indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer. The Group's derivatives are also included in Level 2. The embedded put option is valued using a discounted cash flow model representing the difference between the present values of future cash flows with and without exercise of the put option using observable market yields for government bonds of similar tenor. Foreign currency forward contracts are valued using a discounted cash flow model using spot exchange rates and the observable risk-free interest rates between the two currencies. Equity-linked options are valued using standard option pricing models using observable market data from Bloomberg.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes certain unquoted equity securities.

The valuation of unquoted equity instruments is subjective by nature. The determination of the fair values of unquoted equity securities requires the use of a number of individual pricing benchmarks which would involve unobservable inputs, such as earnings estimates, multiples of comparative companies, marketability discounts and discount rates. The Group's holdings of unquoted equity instruments are not significant and, therefore, the effects of using reasonably possible alternative valuation assumptions would not be material.

47. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are classified in the fair value hierarchy into which the fair value measurement is categorised:

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At September 30, 2014				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	196,510,071	-	196,510,071
Government of Jamaica guaranteed corporate bonds	-	7,023,356	-	7,023,356
Other corporate bonds	-	7,851,319	-	7,851,319
Foreign government debt securities	-	4,372,082	-	4,372,082
Quoted equity securities	703,158	-	-	703,158
Unquoted equity securities	-	-	53,077	53,077
Unit trust investments	-	174,342	-	174,342
	703,158	215,931,170	53,077	216,687,405
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	231,305	-	231,305
Government of Jamaica guaranteed corporate bonds	-	19,228	-	19,228
Other corporate bonds	-	47,112	-	47,112
Foreign government debt securities	-	78,076	-	78,076
Quoted equity securities	142,020	-	-	142,020
	142,020	375,721	-	517,741
Derivative financial instruments	-	581,668	-	581,668
	845,177	216,888,559	53,077	217,786,813
Financial liabilities				
Derivative financial instruments	-	52,660	-	52,660
Liabilities under annuity and insurance contracts	-	-	34,230,910	34,230,910
	-	52,660	34,230,910	34,283,570

47. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2013				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	168,143,494	-	168,143,494
Government of Jamaica guaranteed corporate bonds	-	9,599,145	-	9,599,145
Other corporate bonds	-	5,869,972	90,000	5,959,972
Foreign government debt securities	-	3,126,279	-	3,126,279
Quoted equity securities	851,179	-	-	851,179
Unquoted equity securities	-	-	47,498	47,498
	851,179	186,738,890	137,498	187,727,567
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	187,435	-	187,435
Government of Jamaica guaranteed corporate bonds	-	15,917	-	15,917
Other corporate bonds	-	12,225	-	12,225
Foreign government debt securities	-	18,326	-	18,326
Quoted equity securities	143,442	-	-	143,442
	143,442	233,903	-	377,345
Derivative financial instruments	-	387,304	-	387,304
	994,621	187,360,097	137,498	188,492,216
Financial liabilities				
Derivative financial instruments	-	1,437	-	1,437
Liabilities under annuity and insurance contracts	-	-	33,914,506	33,914,506
	-	1,437	33,914,506	33,915,943

The movement in the Group's financial assets classified as Level 3 during the year was as follows:

	The Group	
	2014 $'000	2013 $'000
At start of year	137,498	1,294,851
Acquisitions	5,579	90,000
Loans and receivables that were misclassified as available-for-sale in prior year	-	(315,523)
Equities transferred to investment in associates	(90,000)	-
Disposals/maturities	-	(931,830)
At end of year	53,077	137,498

The movement in liabilities under annuity and insurance contracts is disclosed in Note 35.

47. Fair Values of Financial Instruments (Continued)

	The Bank			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2014				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	95,747,802	-	95,747,802
Government of Jamaica guaranteed corporate bonds	-	338,384	-	338,384
Other corporate bonds	-	2,710,034	-	2,710,034
Foreign government debt securities	-	1,551,089	-	1,551,089
Quoted equity securities	370,399	-	-	370,399
Unquoted equity securities	-	-	18,255	18,255
	370,399	100,347,309	18,255	100,735,963
Derivative financial instruments	-	529,008	-	529,008
	370,399	100,876,317	18,255	101,264,971
September 30, 2013				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	68,271,252	-	68,271,252
Government of Jamaica guaranteed corporate bonds	-	295,902	-	295,902
Other corporate bonds	-	1,548,454	-	1,548,454
Foreign government debt securities	-	1,408,140	-	1,408,140
Quoted equity securities	583,942	-	-	583,942
Unquoted equity securities	-	-	18,255	18,255
	583,942	71,523,748	18,255	72,125,945
Derivative financial instruments	-	387,304	-	387,304
	583,942	71,911,052	18,255	72,513,249
Financial liabilities				
Derivative financial instruments	-	1,437	-	1,437

The movement in the Bank's financial assets classified as Level 3 during the year was as follows:

	The Bank	
	2014 $'000	2013 $'000
At start of year	18,255	333,778
Loans and receivables that were misclassified as available-for-sale in the prior year	-	(315,523)
At end of year	18,255	18,255

47. Fair Values of Financial Instruments (Continued)

The carrying value (excluding accrued interest) (Note 23) and fair value of investment securities classified as loans and receivables were as follows:

	The Group		The Bank	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
At September 30, 2014	43,099,991	44,056,449	14,182,832	14,619,348
At September 30, 2013	42,615,983	43,089,987	19,338,319	18,976,374

Similar to debt securities classified as available-for-sale, the above fair value measurements fall within Level 2 of the fair value hierarchy as indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer.

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

48. Acquisition of Subsidiaries

NCB Global Finance Limited (formerly AIC Finance Limited)

On December 12, 2013, through its shareholding in NCB Capital Markets Limited, the Group acquired 100% of the share capital of AIC Finance Limited, a licensed financial institution in Trinidad and Tobago. The company was acquired from AIC Financial Group Limited, which is controlled by the Chairman of the Bank.

The acquired business contributed revenues of $133,834,000 and profits of $2,959,000 for the year ended September 30, 2014. Had the company been acquired at the beginning of the year, it would have contributed revenues of approximately $155,368,000 and loss of approximately $637,000 to the Group for the year ended September 30, 2014.

Details of the net assets acquired, purchase consideration and negative goodwill, determined on a provisional basis, were as follows:

	Fair Values $'000
Net assets arising on the acquisition:	
Cash	95,837
Due from other banks	720,854
Reverse repurchase agreements	12,902
Loans and advances, net of provision for credit losses	369,833
Investment securities classified as available-for-sale an loans and receivables	549,876
Intangible assets	2,092
Property, plant and equipment	18,654
Other assets	16,156
Customer deposits	(1,208,438)
Other liabilities	(28,678)
	549,088

	$'000
Purchase consideration - Cash	(247,647)
Net assets acquired	549,088
Negative goodwill	301,441

	$'000
Cash paid	(247,647)
Cash equivalents included in net assets acquired (cash and due from other banks)	816,691
Net cash inflow on acquisition	569,044

48. Acquisition of Subsidiaries (Continued)

Advantage General Insurance Company Limited

In February 2013, through its shareholding in NCB Capital Markets Limited, the Group acquired the entire share capital of Advantage General Insurance Company Limited. The acquisition was recorded based on provisionally determined balances in 2013. These balances were finalised during the year. The adjustments made during the measurement period were recognised during the current year as they were not material to the Group.

	Provisional Fair Values $'000	**Finalised Fair Values $'000**
Net assets arising on the acquisition:		
Cash	132,295	132,295
Investment securities	7,435,068	7,435,068
Investment properties	450,000	450,000
Intangible assets	613,522	613,522
Property, plant and equipment	823,334	823,334
Income tax recoverable	76,122	76,122
Post-employment benefits	(92,540)	(92,540)
Other assets	906,435	906,435
Policyholders' liabilities	(6,811,520)	(6,733,676)
Deferred tax liabilities	131,939	131,939
Other liabilities	(463,306)	(463,306)
	3,201,349	3,279,193

	$'000
Purchase consideration:	
Cash	3,016,254
Deferred consideration paid during 2014	262,939
	3,279,193

49. Financial Sector Legislation

At September 30, 2013, the Bank was in breach of Section 13(1)(d)(i) of the Banking Act which deals with unsecured lending to connected persons. The unsecured lending amounted to $10,000.

50. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At September 30, 2014, the Group had financial assets under administration of approximately $51,810,051,000 (2013 – $52,627,306,000).

51. Dividends

The following dividends were paid during the year:

- $0.16 per ordinary stock unit was paid in December 2013
- $0.32 per ordinary stock unit was paid in February 2014
- $0.35 per ordinary stock unit was paid in May 2014
- $0.35 per ordinary stock unit was paid in August 2014

On November 13, 2014, the Board declared a final interim dividend in respect of 2014 of $0.96 per ordinary stock unit. The dividend is payable on December 11, 2014 for stockholders on record as at November 28, 2014. The financial statements for the year ended September 30, 2014 do not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the year ending September 30, 2015.

52. Litigation and Contingent Liabilities

The Bank and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by the Bank's Staff Association against the Bank seeking various declarations regarding the Bank's profit sharing scheme. The Association has not quantified the claim. No provision has been made in the financial statements as the Bank's attorneys are of the opinion that the suit against the Bank is unlikely to succeed.

52. Litigation and Contingent Liabilities (Continued)

(b) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision has been made in these financial statements for this claim as the Bank's attorneys are of the view that the suit against the Bank is unlikely to succeed. On May 11, 2014 the Court ordered that the customer's claim be struck out. However, the customer is seeking to appeal that decision.

(c) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's alleged negligence in relation to the sale of property. The proper value of the property, which had been owned by the customer, is in issue, along with the amount properly to be applied to the customer's loan balance. Based on the advice of the Bank's attorneys, a provision has been made in the financial statements in respect of this claim. The court's judgment is not yet received.

(d) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and manager of the customer's business property and assets. Damages, interest and costs have been claimed against the Bank. The Bank's attorneys are unable to determine the outcome of the suit and no provision has been made in the financial statements.

(e) Suit was filed by a claimant seeking specific performance, damages for breach of contract, interest and costs. At the time of trial, the claim against the Bank was quantified by the claimant at approximately $31,400,000 plus interest and costs. No provision was made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed and the Supreme Court in fact issued judgment in the Bank's favor. The claimant has appealed.

(f) The Ministry of Labour and Social Security referred to the Industrial Disputes Tribunal (IDT) a dispute between the NCB Staff Association and the Bank in respect of the Association's claim for increased wages and improved conditions of employment. The Association's claim included, among other things, an increase in basic salaries of 9% for the financial year 2012-2013 (Year 1) and a further 9% for the financial year 2013-2014 (Year 2). The IDT, on October 23, 2014 awarded, among other things, a salary increase of 8% in Year 1 and 8% in Year 2 to the staff represented by the Association. The award was fully provided for as at September 30, 2014.

A number of other suits claiming damages in excess of $5 million each have been filed by customers of the Bank. In some instances counter claims have been filed by the Bank. Provision has been made in the financial statements for certain of these claims. No provision has been made where the Bank's attorneys are of the view that the Bank has a good defense against these claims.

53. Effects of Adoption of IAS 19 (Revised), Employee Benefits

Effective October 1, 2013, the Group adopted IAS 19 (Revised) retrospectively in accordance with the transitional provisions set out in the standard.

The statement of financial position as at September 30, 2012 and 2013 have been presented as if IAS 19 (Revised) had always been applied. The effect of adoption on the statement of financial position, income statement and statement of comprehensive income are shown in the tables below. There was no effect on the statement of cash flows.

Effect on the consolidated statement of financial position as at September 30, 2013:

:

	As previously stated	Effect of Restatement	As Restated
	\$'000	**\$'000**	**\$'000**
Total Assets	446,575,055	-	446,575,055
Deferred income tax liabilities	2,610,379	(197,258)	2,413,121
Post-employment benefit obligations	1,108,993	684,623	1,793,616
Other liabilities	370,399,182	-	370,399,182
Other equity	38,657,551	-	38,657,551
Retained earnings	33,798,950	(487,365)	33,311,585
Total Equity and Liabilities	446,575,055	-	446,575,055

53. Effects of Adoption of IAS 19 (Revised), Employee Benefits (Continued)

Effect on the consolidated income statement and statement of comprehensive income for the year ended September 30, 2013:

	As previously stated	Effect of Restatement	As restated
	$'000	$'000	$'000
Operating income	37,965,583	-	37,965,583
Staff costs	11,270,133	(43,536)	11,226,597
Other operating expenses	16,549,060	-	16,549,060
	27,819,193	(43,536)	27,775,657
Operating Profit	10,146,390	(43,536)	10,189,926
Share of profit of associates	861,178	-	861,178
Profit before Taxation	11,007,568	(43,536)	11,051,104
Taxation	(2,457,737)	14,509	(2,472,246)
Net Profit	8,549,831	29,027	8,578,858
Other comprehensive income	296,381	(69,023)	227,358
Total Comprehensive Income	8,846,212	(39,996)	8,806,216
Earnings per stock unit ($)	3.47	0.02	3.49

Effect on the consolidated statement of financial position as at September 30, 2012:

	As previously stated	Effect of Restatement	As restated
	$'000	$'000	$'000
Total Assets	379,435,519	-	379,435,519
Deferred income tax liabilities	1,398,092	(223,684)	1,174,408
Post-employment benefit obligations	810,276	671,053	1,481,329
Other liabilities	310,883,830	-	310,883,830
Other equity	33,845,655	-	33,845,655
Retained earnings	32,497,666	(447,369)	32,050,297
Total Equity and Liabilities	379,435,519	-	379,435,519

53. Effects of Adoption of IAS 19 (Revised), Employee Benefits (Continued)

Effect on the Bank's statement of financial position as at September 30, 2013:

	As previously stated	Effect of Restatement	As Restated
	$'000	$'000	$'000
Total Assets	295,338,559	-	295,338,559
Deferred income tax liabilities	2,404,938	(228,756)	2,176,182
Post-employment benefit obligations	1,016,453	686,267	1,702,720
Other liabilities	250,880,549	-	250,880,549
Other equity	36,083,011	-	36,083,011
Retained earnings	4,953,608	(457,511)	4,496,097
Total Equity and Liabilities	295,338,559	-	295,338,559

Effect on the Bank's statement of comprehensive income for the year ended September 30, 2013:

	As previously stated	Effect of Restatement	As restated
	$'000	$'000	$'000
Operating Income	24,560,979	-	24,560,979
Other operating income	1,929,455	-	1,929,455
	26,490,434	-	26,490,434
Staff costs	9,828,429	(48,294)	9,780,135
Other operating expenses	11,068,432	-	11,068,432
Profit before Taxation	5,593,573	48,294	5,641,867
Taxation	(982,378)	(16,096)	(998,474)
Net Profit	4,611,195	32,198	4,643,393
Other comprehensive income	311,188	(42,340)	268,848
Total Comprehensive Income	4,922,383	(10,142)	4,912,241

53. Effects of Adoption of IAS 19 (Revised), Employee Benefits (Continued)

Effect on the Bank's statement of financial position as at September 30, 2012:

	As previously stated	Effect of Restatement	As Restated
	$'000	$'000	$'000
Total Assets	250,321,044	-	250,321,044
Deferred income tax liabilities	1,189,086	(223,684)	965,402
Post-employment benefit obligations	810,276	671,053	1,481,329
Other liabilities	209,469,339	-	209,469,339
Other equity	31,256,308	-	31,256,308
Retained earnings	7,596,035	(447,369)	7,148,666
Total Equity and Liabilities	250,321,044	-	250,321,044

Shareholdings

10 LARGEST SHAREHOLDERS
as at September 30, 2014

	Units	Percentage Ownership
AIC (Barbados) Limited	1,154,934,315	46.82%
Harprop Limited	314,372,000	12.74%
Sagicor PIF Equity Fund	95,986,560	3.89%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Ideal Portfolio Services Company Limited	56,145,145	2.28%
AIC Global Holdings Inc	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
York Seaton & Harriet Maragh	27,111,000	1.10%
SJIML A/C 3119	26,474,981	1.07%
Beta SPV Limited	21,000,000	0.85%

SHAREHOLDINGS OF DIRECTORS*
as at September 30, 2014

	Total	Direct	Connected Parties**
Robert Almeida	148,610	148,610	-
Wayne Chen	1,193,965,220	14,044	1,193,951,176
Dennis Cohen *	73,039,457	86,480	72,952,977
Sandra Glasgow *	73,025,026	75,049	72,949,977
Sanya Goffe	4,340	4,340	-
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	425,072	425,072	-
Hon. Michael Lee-Chin, OJ	1,587,183,141	2,058,630	1,585,124,511
Thalia Lyn *	73,117,935	152,838	72,965,097
Prof. Alvin Wint	88,144	88,144	-
Dave Garcia (Company Secretary)	11,210	11,210	-

SHAREHOLDINGS OF LEADERSHIP TEAM*
as at September 30, 2014

	Total	Direct	Connected Parties**
Rickert Allen	113,696	113,696	-
Septimus Blake	10,050	10,050	-
Brian Boothe	-	-	-
Ffrench Campbell	57,660	57,660	-
Dennis Cohen *	73,039,457	86,480	72,952,977
Dave Garcia	11,210	11,210	-
Steven Gooden	4,293	4,293	-
Howard Gordon	-	-	-
Patrick Hylton, CD	425,072	425,072	-
Vernon James	420,000	420,000	-
Nadeen Matthews	10,000	10,000	
Mark Thompson	-	-	-
Audrey Tugwell Henry	16,640	16,640	-
Mukisa Wilson Ricketts	-	-	-
Allison Wynter *	73,050,766	100,789	72,949,977

*Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter includes shares of 72,949,977 held by trustees of the N.C.B. Staff Pension Fund.

Corporate Directory

CORPORATE BANKING DIVISION

General Manager	Brian Boothe
Assistant General Manager	Raymond Donaldson

GROUP RISK MANAGEMENT DIVISION

General Manager	Allison Wynter

GROUP FACILITIES & SERVICES DIVISION

Senior Assistant General Manager	Ffrench Campbell
Manager, Planning, Performance & Special Projects	Stacey Hamilton
Security, Safety & Environmental Manager	Glenroy Findlay
Quantity Surveyor	Shevene Logan
Reliability Engineer	Andrew Anderson

GROUP FINANCIAL CONTROL DIVISION

Assistant General Manager	Malcolm Sadler
Finance Manager	Lilieth Hamilton-Bailey

GROUP HUMAN RESOURCES DIVISION

Senior General Manager	Rickert Allen
Assistant General Manager	Euton Cummings
HR Relationship Manager	Sandra Grey
Manager, eLearning	Althea Bailey
Manager, Talent Manager	Nicole Downie
Food Services Manager	Judith Grossett

GROUP MANAGING DIRECTOR'S OFFICE

Group Managing Director	Patrick Hylton
Group Finance and Deputy Managing Director	Dennis Cohen
Senior Assistant General Manager – Transformation Programme Manager	Janelle Prevost
AGM – Group Investor Relations, Performance Monitoring & Planning	Lennox Channer
Analyst, Group Investor Relations, Performance Monitoring & Planning	Jacqueline DeLisser

GROUP OPERATIONS AND TECHNOLOGY DIVISION

Senior General Manager	Howard Gordon
Assistant General Manager, IT Infrastructure & Operations	Ramon Lewis
Assistant General Manager, Centralized Operations	Alison Lynn
Assistant General Manager	Anne Mcmorris-Cover
Manager, IT Governance & Compliance	Cecil Williams

GROUP INTERNAL AUDIT DIVISION

Chief Internal Auditor	Mukisa Ricketts
Internal Audit Manager	Michael Hamm
Internal Audit Manager	Allan Holmes
Internal Audit Manager	Alric Tate
Internal Audit Manager	Amoy Parchment Graham

GROUP LEGAL & COMPLIANCE DIVISION

General Manager & Company Secretary	Dave Garcia
Senior Compliance Manager	Fiona Briscoe
Compliance Manager	Patricia Tennant
Legal Counsel, Compliance Manager and Assistant Company Secretary	Misheca Seymour Senior
Legal Counsel	Janelle Muschette Leiba
Legal Counsel	Nicola Whyms-Stone
Legal Counsel	Tricia-Gaye O'Connor
Legal Counsel	Samantha E. Bigby
Legal Counsel	Corrine N. Henry

STRATEGY, GROUP MARKETING & COMMUNICATIONS UNIT

Senior Assistant General Manager, Strategy, Group Marketing & Communications	Nadeen Matthews
Manager, Group Corporate Communications	Belinda Williams
Group Marketing Manager	Nichole Brackett-Walters

RETAIL BANKING DIVISION

Senior General Manager	Audrey Tugwell Henry
Senior Assistant General Manager, Regional Manager	Norman Reid
Senior Assistant General Manager, Regional Manager	Loren Edwards
Assistant General Manager, Retail Banking	Marcia Reid-Grant
Assistant General Manager, Retail Banking	Stuart Reid
Service Quality Manager, Retail Banking	Sharon Williams

TREASURY & CORRESPONDENT BANKING DIVISION & PAYMENT SERVICES

Senior General Manager	Septimus (Bob) Blake
Senior Assistant General Manager	Tanya Watson Francis
Assistant General Manager	Peter Higgins
Senior Business Analyst	Youlan Laidlaw
Financial Institutions Relationship Manager	Karen Watson
Assistant General Manager, Payment Services	Claudette Rodriguez
Product & Portfolio Manager - Card Acquiring, Payment Services	Kirk Prendergast
Product & Portfolio Manager - Card Issuing, Payment Services	Michelle Thomas

For more information, visit www.jncb.com

Branch Directory

All Branches: 929-4NCB

Customer Care Toll Free: 1-888-NCB-FIRST

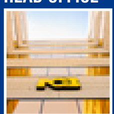
United States, Canada and the English Speaking Caribbean 1-866-622-3477

United Kingdom 0-800-032-2973

LOREN EDWARDS
Regional Manager
Region 1

NORMAN REID
Regional Manager
Region 2

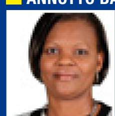
HEAD OFFICE



The Atrium

32 Trafalgar Road
Kingston 10
St. Andrew
929-9050

ANNOTTO BAY



Dorothy Foote
Manager (Actg.)

Main Street
Annotto Bay
St. Mary

Service Quality Mgr.
- Nordia Edwards

BAYWEST FINANCIAL CENTRE

Harbour Street
Montego Bay
St. James

BLACK RIVER

Maxine Brown-Cowan
Manager

Chambers Plaza
1 Brigade Street
Black River
St. Elizabeth

Service Quality Mgr.
- Mary-Ann Singh

BROWN'S TOWN

Conroy Ward
Manager

17 Main Street
Brown Town
St. Ann

Service Quality Mgr.
- Aldene Earle-McKenzie

CHAPLETON

Odel Laing
Relationship Manager

40 Main Street
Chapleton
Claredon

Service Quality Mgr.
- Annette Spencer

CHRISTIANA

Earl Leakey
Manager

Main Street
Christiana
Manchester

Service Quality Mgr.
- Lindon Ramsay

CROSS ROADS

Glen Shields
Manager

90-94 Slipe Road
Kingston 5
St. Andrew

Service Quality Mgr.
- Jacqueline Murray

DUKE STREET

Marva Peynado
Manager

37 Duke Street
Kingston
St. Andrew

Service Quality Mgr.
- Sharon Tate (Actg.)

FALMOUTH

Brian Baggoo
Manager

2 Water Square
Falmouth
Trelawny

Service Quality Mgr.
- Keron Young

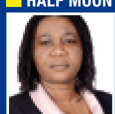
HAGLEY PARK

Patricia Cole
Manager

211 Hagley Park Road
Kingston 11
St. Andrew

Service Quality Mgr.
- Delroy Morris

HALF MOON



Janet Reid
Relationship Manager

Half Moon
Shopping Village
St. James

Service Quality Mgr.
- Nadine Gray

HALF WAY TREE

Maxine McKenzie
Manager

94 Half Way Tree Road
Kingston 10
St. Andrew

Service Quality Mgr.
- Lourine Martin

JUNCTION

Duwayne Wiggan
Relationship Manager

Junction
St. Elizabeth

Service Quality Mgr.
- Tracy Senior

KNUTSFORD BOULEVARD

Donna Clarke
Manager

1-7 Knutsford Boulevard
Kingston 5
St. Andrew

Service Quality Mgr.
- Kevin McDonald

LINSTEAD

Dean Simpson
Manager

29 King Street
Linstead
St. Catherine

Service Quality Mgr.
- Yvonne Stone

LUCEA

Kelvin Hall
Manager

Main Street
Lucea
Hanover

Service Quality Mgr.
- Judith Lynch

MANDEVILLE

Stuart Barnes
Manager

6 Perth Road
Mandeville
Manchester

Service Quality Mgr.
- Karlene Harrison (Actg.)

MANOR CENTRE

Jacqueline Mighten
Manager

Manor Park Plaza
184 Constant Spring Road
Kingston 8
St. Andrew

Service Quality Mgr.
- Charmaine Oudith

MANOR CENTRE
(REPORTS TO MANOR PARK)

195 Constant Spring Road
Kingston 8
St. Andrew

MATILDA'S CORNER

Lloyd Richardson
Manager

15 Northside Plaza,
Kingston 6
St. Andrew

Service Quality Mgr.
- Ann-Marie Mason

MAY PEN

Laurie Spencer
Manager

41 Main Street
May Pen
Clarendon

Service Quality Mgr.
- Pamela Harris

MORANT BAY

Neil Campbell
Manager

39 Queen Street
Morant Bay
Thomas

Service Quality Mgr.
- Paulette Forsythe

NEGRIL

Kanhai Skeen
Manager

Sunshine Village Complex
West End Road
Negril
Westmoreland

Service Quality Mgr.
- Charmaine Harris (Actg.)

OCHO RIOS

Prince Myers
Manager

40 Main Street
Ocho Rios
St. Ann

Service Quality Mgr.
- Peta-Gay Rodney

OLD HARBOUR

Barbara Cohen
Manager

Cnr. South & West Street
Old Harbour
St. Catherine

Service Quality Mgr.
- Delene May

OXFORD PLACE

Darcy Parkins
Manager

10 Oxford Road
Kingston 5

Service Quality Mgr.
- Paulette Drummond

PORTMORE

Karen Young
Manager

Lot 13-14 West Tradeway
Portmore Town Centre
St. Catherine

Service Quality Mgr.
- Lesbia Gayle

PORT ANTONIO

Janice McKenzie
Manager (Actg.)

1 Gideon Avenue
Port Antonio
Portland

Service Quality Mgr.
- Roxanne Lammie-
Thompson (Actg.)

PORT MARIA

Leon Drysdale
Relationship Manager

8 Main Street
Port Maria
St. Mary

Service Quality Mgr.
- Andrew Walters

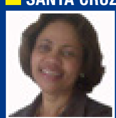
PRIVATE BANKING

Audrey McIntosh
Manager

The Atrium
32 Trafalgar Road
Kingston 10
St. Andrew

Service Quality Mgr.
- Lorna Jaddoo

SANTA CRUZ



Andrea Arscott-Allen
Manager

7 Coke Drive
Santa Cruz
St. Elizabeth

Service Quality Mgr.
- Ann-Marie Pinto

SAVANNA-LA-MAR

Kevin Walker
Manager

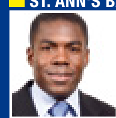
68 Great George Street
Savanna-La-Mar
Westmoreland

Service Quality Mgr.
- Joan Graveney-Grizzle

SPALDING
(REPORTS TO CHRISTIANA)

Spalding
Manchester

ST. ANN'S BAY



Donnovan Reid
Manager

19-21 Main Street
St. Ann's Bay
St. Ann

Service Quality Mgr.
- Denise Wallace

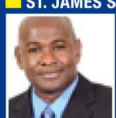
JAGO SHOPPING CENTRE

Xavier Allen
Manager

St. Jago Shopping Centre
Burke Road,
Spanish Town,
St. Catherine

Service Quality Mgr.
- Maxine Johnson

ST. JAMES STREET



Wayne Hunter
Manager

41 St. James Street
Montego Bay
St. James

Service Quality Mgr.
- Andrea Allen-Phillips

UNIVERSITY (UWI)

Dwight Hyde
Manager

Mona Campus
Kingston 7
St. Andrew

Service Quality Mgr.
- Jacqueline Roberts

WASHINGTON BOULEVARD

Desron Graham
Relationship Manager

45 Elma Crescent
Kingston 20
St. Andrew

Service Quality Mgr.
- Roxanne Nugent

WINDWARD ROAD

Anthony Butler
Relationship Manager

89-91 Windward Road
Kingston 2
St. Andrew

Service Quality Mgr.
- Norda Lewis-Harris

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Mr Steven Gooden | *Appointed October 30, 2014

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(Subsidiary Of Ncb (Cayman) Ltd.)

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Design:
Graphics & Production Unit -
Group Marketing & Communications

Photography:
William Richards, PAGE(S): 15, 19-22, 31, 25-40
Kahlil Francis, PAGE(S): A-D
Paul Mullings

Auditors:
PricewaterhouseCoopers

Printed in Jamaica:
Lithographic Printers Ltd.

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Support Award category
8th consecutive year
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