Financial Results for the year ended 30 September 2003

The Board of Directors of the Bank is pleased to release the following Un-audited Results of the Banking Group for the year ended 30 September 2003.

	QUARTER ENDED 30.09.03 J$'M	YEAR ENDED 30.09.03 J$'M	QUARTER ENDED 30.09.02 J$'M	YEAR ENDED 30.09.02 J$'M
REVENUE	7,927	22,156	3,076	14,463
EXPENSES	(5,899)	(18,693)	(2,174)	(12,752)
Operating Profit	2,028	3,463	901	1,711
Taxation	(781)	(658)	(148)	(170)
Profit after Taxation	1,247	2,804	738	1,541
Minority interest in results of subsidiaries	-	-	(57)	(63)
NET PROFIT	**1,247**	**2,804**	**806**	**1,478**
EARNINGS PER STOCK UNIT	$0.51	$1.14	$0.33	$0.60

HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED SEPT 30 2003

The Directors are pleased to present the audited results of the Group for the financial year ended 30 September 2003. These are the first audited financials statements prepared under International Financial Reporting Standards (IFRS) and the prior year information has been restated to reflect the financial position and results under IFRS.

The Group ended the most profitable financial year in its history with a net profit of J$2.8 billion compared to J$1.5 billion for the previous year, an increase of J$1.3 billion or 86.7%. This positive performance is mainly attributable to increases in loans and securities income as well as net portfolio income.

Dividend per share paid during the financial year was 51 cents compared to 17 cents for the previous year. At the Board of Directors meeting held 18 December 2003 a final dividend in respect of 2003 of 21 cents per share was approved and is payable on 19 January 2004 for shareholders on record as at 7 January 2004. As well, the Board of Directors approved a profit share payment to the staff based on the Group's performance in the amount of J$221 million the maximum amount payable in accordance with the approved profit share scheme.

PERFORMANCE AT A GLANCE

	Sept. 2003	Sept. 2002
Return on Avg. Equity	11.6%	12.4%
Return on Avg. Earning Assets	1.2%	1.2%
Growth in Revenue	80.7%	78.4%
Net Interest Margin	10.5%	9.5%
Net Asset Value per Share	$0.54	$0.63

REVENUES

Total revenues for the Group increased by J$7.7 billion or 53% to J$22.2 billion compared to the previous year. The increase in revenues is attributable to the following:

- Growth in income from loans of J$1.2 billion or 65.2%.
- Growth in income from securities of J$4.4 billion or 43.3%.
- Growth in net fees and commissions of J$137 million or 11.7%.

Net operating income (net interest income and net fees and commissions) of J$11.0 billion exceeded the amount for the previous year of J$6.6 billion by J$4.4 billion or 66%.

LOAN PORTFOLIO

One of the major revenue drivers for the Group is loans and advances which increased by J$11.1 billion or 72.7% during the year. In spite of this significant growth we were able to achieve a reduction in the non-performing loan portfolio. The aggregate amount of non-performing loans amounted to J$1.503 billion, J$22.6 million or 1.5% less than the balance at September 2002. Non-performing loans now represent 5.3% of gross loans compared to 8.9% for the previous financial year.

As at September 2003 provision for credit losses of J$2.2 billion was 144% of non-performing loans. Provisions for credit losses that exceed the amounts required by IFRS are credited to a non-distributable reserve - Loan Loss Reserve. As at 30 September 2003 the balance in the Loan Loss Reserve was J$72.9 million. The Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

BALANCE SHEET

The Group's total asset now stands at J$145.9 billion, J$30.7 billion or 26.6% in excess of the balance as at September 2002. This increase in assets is attributable to growth in the following earning assets:

- Loans and advances - J$11.1 billion
- Investment securities - J$11.2 billion
- Deposits with other banks and the Bank of Jamaica - J$5.8 billion

The asset growth was funded mainly by increases in customers' deposits and repurchase agreements.

CAPITAL
At the end of the financial year total stockholders equity was J%12.8 billion, an increase of J$900 million or 7.5% when compared to the end of the previous year.

National Commercial Bank is one of the best capitalized Banks in Jamaica at 20.96% as evidenced by the international benchmark of capital adequacy, the Risk-based Capital Ratio, which is 8%, although the Bank Of Jamaica prescribes 10%.

SOCIAL RESPONSIBILITY
In May 2003, NCB launched the Jamaican Education Initiative (JEI) a $150 million commitment aimed at advancing Jamaica's education agenda in the areas of:

1. CXC sponsorship
2. Computer and book donation to schools and libraries
3. Early literacy/mentorship programme
4. Scholarship and grants at tertiary level
5. Special loan programme for teachers
6. Omni education savings plan

While the Bank focuses on giving to three main areas - education, health and to the physically challenged - the institution has given substantially to other activities and institutions.

Fifteen Million Jamaican Dollars (J$15 million) was committed to the Downtown Re-development Company - Kingston City Centre Improvement Company Limited. A donation of J$3.5 million was given to the Tony Thwaites Wing of the University Hospital of the West Indies and Kingston College's Breakfast Feeding programme has received $0.25 million.

National Commercial Bank Jamaica thanks our many customers and shareholders for the business they have given to us and for the support and show of confidence in us. To our team of trained and committed staff, we say thanks for working relentlessly in delighting our customers and the achieving of our vision and core values.

Notes to the Interim Consolidated Financial Statements

(1) Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment securities held for trading, derivative contracts, investment property and certain fixed assets.

Jamaica adopted IFRS as its national accounting standards for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 30 September 2003 have therefore been prepared in accordance with IFRS and comparative information has been restated to conform with the provision of IFRS. In particular, the Group has opted for early adoption of IFRS 1, First-time Adoption of International Financial Reporting Standards and has applied the provisions of that standard in the preparation of these financial statements.

(2) Investments
Investments are classified into the following categories: trading securities, originated loans, and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Trading securities 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 cost, which includes transaction costs, and subsequently remeasured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net trading income.

Originated debt securities include those where money is provided to the issuer, either directly or through an intermediary, other than those that are originated with the intent to be sold immediately or in the short-term, which are recorded as trading securities. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

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 cost, which includes transaction costs, and subsequently remeasured at fair value based on quoted bid prices or amounts derived cash flow models. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in stockholders' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in stockholders' equity are transferred to the profit and loss account.

(3) Investments
The Bank and its subsidiaries classify investments into the following categories: trading securities, originated loans, and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Trading securities 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 cost, which includes transaction costs, and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net trading income.

Originated debt securities include those where money is provided to the issuer, either directly or through an intermediary, other than those that are originated with the intent to be sold immediately or in the short-term, which are recorded as trading securities. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

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 equity prices. They are initially recognised at cost (including transaction costs) and subsequently re-measured at fair value based on quoted bid prices or amounts derived cash flow models. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in stockholders' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in stockholders' equity are transferred to the profit and loss account.

(4) Loans and provisions for credit losses

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings

(5) Investments in subsidiaries

Investments by the Bank in subsidiaries are stated at cost.