

RELEASE

April 23, 2015 – The Board of Directors is pleased to release the following unaudited financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the six months ended March 31, 2015.

Performance highlights

Our second quarter results continue to be impacted by the Group’s adoption of International Financial Reporting Interpretation Committee (IFRIC) 21 – *Levies*. In keeping with IFRIC 21, asset tax is no longer eligible to be accounted for on a periodic accrual basis, but must be recorded in full when triggered. In the previous quarter ended December 31, 2014, the full liability of the asset tax expense imposed by the Government of Jamaica was recorded on October 1, 2014 for all entities with the exception of NCB Insurance Company Limited and Advantage General Insurance Company Limited (our insurance companies). For our insurance companies, the full liability was triggered and recorded in full on January 1, 2015. We have restated the prior periods to reflect the effect of this accounting change.

The table below shows a comparison of our financial results for the six months ended March 31, 2015 under IFRS with the pro forma normalised treatment if asset tax was accrued throughout the year.

	As reported in Financial Statements at March 31, 2015	Effect of implementation of IFRIC 21	Pro forma at March 31, 2015	Year to Date Results as previously reported in Financial Statements at March 31, 2014 (six months October 2013 to March 2014)
Operating expenses (\$'000)	16,620,063	717,704	15,902,359	14,311,962
Net profit (\$'000)	5,401,098	717,704	6,118,802	5,848,011
Earnings per stock unit (\$)	\$2.19	\$0.30	\$2.49	\$2.38
Cost to income ratio (%)	66.0%	(3.1%)	62.9%	64.6%
Return on average assets (%)	2.2%	0.3%	2.5%	2.5%
Return on average equity (%)	13.0%	1.8%	14.8%	15.8%

The pro forma normalised net profit for the three months ended March 31, 2015 was **\$3,341 million**, 20% or \$563 million over the pro forma normalised net profit for the three months ended December 31, 2014 of \$2,778 million, and 12% or \$349 million over the previously reported net profit for the three months ended March 31, 2014 of \$2,992 million.

Performance highlights (continued)

The subsequent discussion and analysis on the financial performance in this document is based on the IFRS results and financial position.

Six months ended March 31, 2015 compared with the six months ended March 31, 2014 (restated)

- Net profit of \$5.4 billion, a decrease of 3%, or \$152 million.
- Earnings per stock unit of \$2.19, decreased by 3%.
- Cost to income ratio decreased to 66.0%, from 66.1%.
- Total assets of \$488.6 billion, grew by 0.1%, or \$640 million.
- Return on average total assets decreased to 2.2%, from 2.4%.
- Total equity of \$84.0 billion, increased by 10%, or \$7.7 billion.
- Return on average equity of 13.0%, decreased from 15.0%.
- Net loans of \$157.9 billion, grew by \$7.4 billion, or 5%.

- Customer deposits of \$210.0 billion, increased by \$11.6 billion, or 6%.

Three months ended March 31, 2015 compared with the three months ended December 31, 2014

- Net profit of \$3.3 billion, an increase of 53%, or \$1.1 billion.
- Cost to income ratio decreased to 60.4%, from 71.4%.
- Return on average total assets of 2.6%, up from 1.7%.

Three months ended March 31, 2015 compared with the three months ended March 31, 2014 (restated)

- Net profit of \$3.3 billion, an increase of 7%, or \$216 million.
- Cost to income ratio decreased to 60.4%, from 62.3%.
- Return on average total assets of 2.6%, flat with the prior year at 2.6%.

Financial performance

Operating income

For the six months ended March 31, 2015, operating income increased by 14%, or \$2.9 billion, when compared with the six months ended March 31, 2014, mainly as a result of:

- Gain on foreign currency and investment activities, up by \$1.5 billion. This was due to higher levels of foreign exchange income and gains from the sale of debt securities compared to the prior year.
- Net fee and commission income, increasing by \$652 million or 16%, mainly due to Payment Services fees related to card usage and transaction volumes, credit related fees from the growth in loans and greater corporate finance and unit trust fees booked in the current period.
- Net interest income, increasing by 4%, or \$542 million, primarily due to growth in the net loan portfolio.

Operating expenses

Operating expenses increased by 14%, or \$2.0 billion, over the six months ended March 31, 2014, mainly as a result of:

- Other operating expenses, which grew by 37%, or \$1.8 billion, primarily due to asset tax charges, technical, consultancy, and professional service fees incurred in achieving our strategic initiatives; marketing and advertising costs, irrecoverable taxes and property maintenance expenses.

Financial performance (continued)

Loans and advances

Loans and advances, which totalled \$157.9 billion (net of provision for credit losses) as at March 31, 2015, grew by 5%, or \$7.4 billion, compared to the loan portfolio as at March 31, 2014. Non-performing loans totalled \$8.8 billion as at March 31, 2015 (\$7.6 billion as at March 31, 2014) and represented 5.4% of the gross loans compared to 4.9% as at March 31, 2014. Our activities to manage delinquency are on-going and remain proactive and robust, with the implementation of an automated dialler and Collections Management System. We continue to monitor the environment and respond to changes that impact us and our customers. The regulatory provision coverage at March 31, 2015 was 117.9% of non-performing loans compared to 119.8% at March 31, 2014.

Deposits

Customer deposits were \$210.0 billion, up 6% or \$11.6 billion over the prior year. This was driven by growth in our current and savings accounts portfolios, which increased by 5% and 12% respectively, over the prior year.

Capital

The Group's stockholders' equity was \$84.0 billion as at March 31, 2015, up 10% over the prior year. Our capital position remains strong and our individual companies continued to meet their respective regulatory capital requirements.

Regulatory Capital Requirements

<u>Company</u>	<u>Regulatory capital ratios</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.9%	12.8%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	36.6%	24.0%
NCB Insurance Company Limited	Stockholders' equity to total liabilities (Solvency ratio) [Minimum requirement – 10.0%]	46.6%	39.1%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	311.0%	296.1%



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Are you a 2015
NCB Foundation
Scholar?

Application Period: April 10 to June 4, 2015

Segment performance for the six months ended March 31, 2015

Commercial banking activities, comprising the Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments, produced combined operating profits of \$4.3 billion for the six months ended March 31, 2015, an increase of 26%, or \$887 million, when compared to the six months ended March 31, 2014.

Retail & SME

Operating profit of \$607 million improved by 2%, or \$13 million. Allocated expenses to this segment were \$301 million or 13% below the prior period; this was offset by higher operating expenses which grew by \$301 million primarily due to asset tax charges.

Payment Services

Operating profit of \$733 million decreased by 29%, or \$295 million. Operating expenses increased by \$498 million or 40% due to technical, consultancy and professional service fees incurred in pursuit of our strategic payment services initiatives and higher loan loss provision expenses. Operating income grew by \$399 million, driven by fee and commission income due to higher transaction volumes.

Corporate Banking

Operating profit of \$574 million grew by 76%, or \$248 million, mainly due to increased operating income of \$397 million as a result of higher loan income and net fee and commission income.

Treasury & Correspondent Banking

Operating profit of \$2.4 billion increased by 62%, or \$921 million, primarily due to gains on foreign currency and investment activities.

Wealth, Asset Management and Investment Banking

Operating profit of \$1.6 billion increased by 5%, or \$79 million. Operating expenses grew by \$356 million resulting from higher staff costs, impairment provisions made, asset tax, marketing and professional services. Operating income increased by \$435 million due to growth in unit trust and corporate finance fees and gains from investment activities.

Insurance and Pension Fund Management

Operating profit of \$1.6 billion increased by 10%, or \$146 million. Operating income increased by \$269 million, driven by premium income and net interest income. Operating expenses grew by \$122 million due to higher staff costs and asset tax expenses; this was offset by lower policyholder' and annuitants' benefits and reserves resulting from changes in the actuarial assumptions related to tax policy changes.

General Insurance

Operating profit of \$612 million increased by \$22 million or 4%. Operating expenses increased by \$92 million or 4%, mainly due to policyholders and annuitants benefits and reserves. Operating income grew by \$114 million or 4% as a result of net fee and commission income.

Dividends

The Board of Directors, at its meeting on April 23, 2015, declared an interim dividend of \$0.45 per ordinary stock unit. The dividend is payable on May 21, 2015 for stockholders on record as at May 8, 2015.

Business highlights

- During the quarter, we successfully completed the staging of our reality show, *NCB Capital Quest*. Two contestants, The Vein Centres of Jamaica and The Stationery Centre emerged as winners of the competition, each receiving \$25 million in equity financing for their companies.
- On February 25, 2015, NCB's Payment Services Unit hosted the inaugural NCB e-Commerce Summit. Tailored exclusively for small to medium business owners, this free half-day workshop featured presentations from leading local e-commerce experts and provided valuable and practical insights on accepting payments online.

Corporate Social Responsibility

We believe that it is important to build the communities we serve and this is the mission of the N.C.B. Foundation. During the six months ended March 31, 2015, we donated over \$31 million in support of various initiatives, the focus of which were education, community (including sports), youth leadership and entrepreneurship. With the reintroduction of the Jamaican Education Initiative (JEI), we have confirmed funding of up to 0.50% of personal Keycard sales from the previous year and this will be in addition to the commitment of 0.50% of the bank's profits from the previous year.

Education

Education continues to be the primary area of focus with donations provided to assist with academic fees, equipment and infrastructural projects and general educational programmes. Following the handing over ceremony for the Caribbean Secondary Education Certification (CSEC) Principles of Accounts (POA) and Principles of Business (POB) Fee Sponsorship Programme that was hosted at Mona High School, we also donated two computers to the school library. A new partnership was also created with One-on-One Educational Services Limited to support its publication of answers to past CSEC POA and POB questions in *The Gleaner*.

Community Development

During the quarter, we participated in a Facebook campaign which seeks to raise funds to assist Food for the Poor in its charitable work for the nation. This campaign was also extended to Bread Basket Ministries funded directly by NCB Capital Markets Limited; Mustard Seed Community by NCB Jamaica Limited; and NCB Insurance Company Limited for the Three-D Projects.

Youth Leadership

We will again support the 2015 Schools' Environment Programme that aims to expose students across the island to best practices in environmental issues as well as allow them the opportunity to develop and present projects of this nature. The University of Technology, Jamaica Career and Placement Centre hosted a Career Day and we assisted thirteen young men with outfits for their interviews and presentations.

Corporate Social Responsibility (continued)

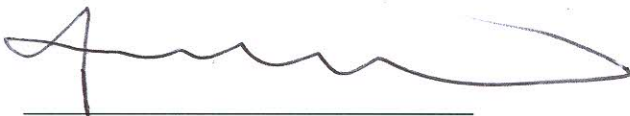
Entrepreneurship

As a major nation building undertaking, we directly supported the following projects:

- Business Rich Seminar for over 50 SME (Small and Medium Enterprise) participants which is a part of the Action Coach series in furtherance of the capacity building for SMEs.
- We hosted a 2 day workshop for the nominees and applicants of the Nation Builder Awards, along with selected SMEs. In partnership with HEART Trust NTA, 50 SMEs were trained by members of the HEART team, Tax Administration Jamaica, NCBI, NCBCM and a NCB Business Banker.
- Jamaica Business Development Corporation (JBDC) Mobile Clinic in the execution of a series of business clinics across the island with an aim to strengthen the capacity of Jamaican Micro, Small and Medium Enterprises (MSMEs). The mobile business clinic initiative will result in the decentralisation of business development services that are geared at reaching a wider cross – section of MSMEs in new and existing industries and sectors. For this quarter the team visited Westmoreland, Hanover and Manchester.
- Partnership with the Development Bank of Jamaica (DBJ) on the National Business Model Competition which seeks to unearth budding entrepreneurial prospects and provide practical, on-the-ground training opportunities for our young student entrepreneurs.

We have an unwavering commitment to develop the communities in which we serve and ensure that the financial wellbeing of Jamaicans is tangibly demonstrated in our strategic undertakings. We are extremely grateful for the support of our valued stakeholders and look forward to continued support for the remainder of the financial year.

To our customers, we say thank you for your continued loyalty, confidence and support; *Put Your Best Life Forward.*



ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Unaudited Consolidated Income Statement

Six months ended March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>		
	Note	Quarter ended	Quarter ended	Year to date	<i>Restated</i>	
		March 31	December 31	March 31	Quarter ended	Year to date
		2015	2014	2015	March 31	March 31
	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating income						
Interest income		9,277,176	9,688,923	18,966,099	8,966,606	17,959,748
Interest expense		(2,878,258)	(3,183,403)	(6,061,661)	(2,851,981)	(5,596,933)
Net interest income		6,398,918	6,505,520	12,904,438	6,114,625	12,362,815
Fee and commission income		2,820,293	3,096,984	5,917,277	2,568,884	5,121,466
Fee and commission expense		(561,638)	(510,673)	(1,072,311)	(497,617)	(928,415)
Net fee and commission income		2,258,655	2,586,311	4,844,966	2,071,267	4,193,051
Gain on foreign currency and investment activities		1,075,895	917,952	1,993,847	344,033	507,905
Premium income		1,871,286	1,836,510	3,707,796	1,688,802	3,539,904
Dividend income		26,068	37,746	63,814	42,188	84,202
Other operating income		42,991	77,132	120,123	44,434	87,647
		3,016,240	2,869,340	5,885,580	2,119,457	4,219,658
		11,673,813	11,961,171	23,634,984	10,305,349	20,775,524
Operating expenses						
Staff costs		3,300,282	3,019,845	6,320,127	2,931,798	6,063,956
Provision for credit losses		352,666	587,195	939,861	491,874	882,309
Policyholders' and annuitants' benefits and reserves		695,582	1,220,576	1,916,158	1,029,418	2,199,103
Depreciation and amortisation		397,168	350,390	747,558	278,872	635,751
Impairment losses on securities		-	88,554	88,554	-	-
Other operating expenses	2	2,656,835	3,950,970	6,607,805	2,179,326	4,826,044
		7,402,533	9,217,530	16,620,063	6,911,288	14,607,163
Operating profit		4,271,280	2,743,641	7,014,921	3,394,061	6,168,361
Negative goodwill on acquisition of subsidiary		-	-	-	-	301,441
Share of profit of associates		150,582	154,801	305,383	303,069	516,647
Profit before taxation		4,421,862	2,898,442	7,320,304	3,697,130	6,986,449
Taxation		(1,153,835)	(765,371)	(1,919,206)	(645,315)	(1,433,639)
Net profit		3,268,027	2,133,071	5,401,098	3,051,815	5,552,810
Earnings per stock unit (expressed in \$ per share)						
Basic and diluted		1.32	0.87	2.19	1.24	2.26

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended March 31 2015 \$'000	Quarter ended December 31 2014 \$'000	Year to date March 31 2015 \$'000	<i>Restated</i>	
				Quarter ended	Year to date
				March 31	March 31
				2014 \$'000	2014 \$'000
Net Profit	3,268,027	2,133,071	5,401,098	3,051,815	5,552,810
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	(48,611)	(17,175)	(65,786)	(19,881)	(26,924)
	3,219,416	2,115,896	5,335,312	3,031,934	5,525,886
Items that may be subsequently reclassified to profit or loss					
Currency translation gains	4,049	67,304	71,353	119,670	220,383
Unrealised gains/(losses) on available-for-sale investments	416,567	535,897	952,464	751,912	(728,382)
Realised fair value gains on sale and maturity of available-for-sale investments	(387,235)	(345,373)	(732,608)	(72,025)	(71,899)
Total other comprehensive income	33,381	257,828	291,209	799,557	(579,898)
Total comprehensive income	3,252,797	2,373,724	5,626,521	3,831,491	4,945,988

National Commercial Bank Jamaica Limited


Unaudited Consolidated Statement of Financial Position

March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

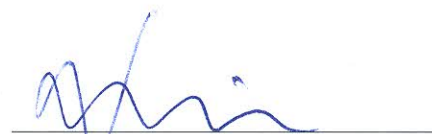
	Note	March 31 2015 \$'000	Restated	
			September 30 2014 \$'000	March 31 2014 \$'000
ASSETS				
Cash in hand and balances at Central Banks		30,747,479	29,795,115	26,821,887
Due from other banks		18,064,819	20,393,555	19,177,810
Derivative financial instruments		443,378	581,668	484,310
Investment securities at fair value through profit or loss		337,233	523,393	608,259
Reverse repurchase agreements		2,202,010	1,621,798	1,337,430
Loans and advances, net of provision for credit losses		157,914,291	157,630,000	150,553,600
Investment securities classified as available-for-sale and loans and receivables		127,780,823	105,557,761	106,607,240
Pledged assets		125,743,311	159,488,612	156,285,458
Investment in associates		6,031,610	5,913,804	8,200,334
Investment properties		475,500	484,500	484,500
Intangible assets		2,567,024	2,463,849	2,222,721
Property, plant and equipment		7,740,150	7,313,869	6,833,473
Deferred income tax assets		28,876	23,390	61,683
Income tax recoverable		2,023,659	1,184,083	1,675,150
Customers' liability - letters of credit and undertaking		1,458,127	1,270,160	2,328,688
Other assets		5,080,202	5,099,535	4,315,727
Total assets		488,638,492	499,345,092	487,998,270
LIABILITIES				
Due to other banks		11,221,931	6,336,574	10,516,587
Customer deposits		209,957,010	202,162,392	198,405,849
Repurchase agreements		112,087,158	134,690,626	133,641,958
Obligations under securitisation arrangements		14,231,900	13,885,577	13,422,626
Derivative financial instruments		-	52,660	12
Other borrowed funds		8,545,446	11,992,819	7,768,805
Income tax payable		1,810	92,408	151,439
Deferred income tax liabilities		1,989,488	2,455,791	2,503,473
Liabilities under annuity and insurance contracts		34,693,627	34,230,910	34,303,103
Provision for litigation		1,500	3,053	1,500
Post-employment benefit obligations		2,404,741	2,185,311	1,918,076
Liability - letters of credit and undertaking		1,458,127	1,270,160	2,328,688
Other liabilities	2	8,044,629	8,140,426	6,725,107
Total liabilities		404,637,367	417,498,707	411,687,223
STOCKHOLDERS' EQUITY				
Share capital		6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme		(3,388)	(3,388)	(3,388)
Fair value and capital reserves		2,698,476	2,407,267	1,910,662
Loan loss reserve		5,568,101	5,375,901	5,178,842
Banking reserve fund		6,512,634	6,512,634	6,512,634
Retained earnings reserve		19,935,000	19,430,000	19,025,000
Retained earnings	2	42,824,571	41,658,240	37,221,566
Total stockholders' equity		84,001,125	81,846,385	76,311,047
Total equity and liabilities		488,638,492	499,345,092	487,998,270

Approved for issue by the Board of Directors on April 23, 2015 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee Share Scheme	Fair value and capital reserves	Loan loss reserve	Banking reserve fund	Retained earnings reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2013, as previously reported	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,341,794	71,999,345
Restatement based on adoption of IFRIC 21	-	-	-	-	-	-	547,585	547,585
Balance at October 1 2013, as restated	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,889,379	72,546,930
Total comprehensive income	-	-	(579,898)	-	-	-	5,525,886	4,945,988
Dividends paid	-	-	-	-	-	-	(1,181,871)	(1,181,871)
Transfer to Loan loss reserve	-	-	-	37,485	-	-	(37,485)	-
Transfer to Retained earnings reserve	-	-	-	-	-	974,343	(974,343)	-
Balance at March 31 2014, as restated	6,465,731	(3,388)	1,910,662	5,178,842	6,512,634	19,025,000	37,221,566	76,311,047
Balance at September 30, 2014, as previously reported	6,465,731	(3,388)	2,407,267	5,375,901	6,512,634	19,430,000	40,425,607	80,613,752
Restatement based on adoption of IFRIC 21	-	-	-	-	-	-	1,232,633	1,232,633
Balance at September 30, 2014, as restated	6,465,731	(3,388)	2,407,267	5,375,901	6,512,634	19,430,000	41,658,240	81,846,385
Total comprehensive income	-	-	291,209	-	-	-	5,335,312	5,626,521
Dividends paid	-	-	-	-	-	-	(3,471,781)	(3,471,781)
Transfer to Loan loss reserve	-	-	-	192,200	-	-	(192,200)	-
Transfer to Retained earnings reserve	-	-	-	-	-	505,000	(505,000)	-
Balance at March 31, 2015	6,465,731	(3,388)	2,698,476	5,568,101	6,512,634	19,935,000	42,824,571	84,001,125

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

	March 31	Restated
	2015	March 31
	\$'000	2014
	\$'000	\$'000
Cash flows from operating activities		
Net profit	5,401,098	5,552,810
Adjustments to reconcile net profit to net cash provided by operating activities	(14,752,433)	27,255,808
Net cash (used in)/provided by operating activities	(9,351,335)	32,808,618
Cash flows from investing activities		
Acquisition of subsidiary and capital injection, net of cash acquired	-	(307,063)
Acquisition of property, plant and equipment	(949,977)	(733,426)
Acquisition of intangible asset - computer software	(357,528)	(541,089)
Proceeds from disposal of property, plant and equipment	93,397	33,613
Dividends received from associates	68,605	105,376
Purchases of investment securities	(74,605,671)	(65,054,340)
Sales/maturities of investment securities	85,655,404	27,308,243
Net cash provided by/(used in) investing activities	9,904,230	(39,188,686)
Cash flows from financing activities		
Proceeds from securitisation arrangements	-	2,647,893
Proceeds from other borrowed funds	553,549	3,410,452
Repayments of other borrowed funds	(4,068,618)	(697,677)
Due to other banks	2,129,340	(5,191,912)
Dividends paid	(3,471,781)	(1,181,871)
Net cash used in financing activities	(4,857,510)	(1,013,115)
Effect of exchange rate changes on cash and cash equivalents	(93,398)	2,058,490
Net decrease in cash and cash equivalents	(4,398,013)	(5,334,693)
Cash and cash equivalents at beginning of period	28,246,559	28,561,967
Cash and cash equivalents at end of period	23,848,546	23,227,274
Comprising:		
Cash in hand and balances at Central Banks	8,015,646	6,487,525
Due from other banks	17,813,183	18,109,733
Reverse repurchase agreements	1,971,540	475,667
Investment securities	1,440,000	2,243,066
Due to other banks	(5,391,823)	(4,088,717)
	23,848,546	23,227,274

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2015

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	7,331,391	4,827,479	2,888,862	5,058,509	4,271,805	3,278,834	3,054,829	57,247	-	30,768,956
Revenue from other segments	1,239,866	-	24,339	2,003,651	463,932	60,513	124,549	30,348	(3,947,198)	-
Total revenue	8,571,257	4,827,479	2,913,201	7,062,160	4,735,737	3,339,347	3,179,378	87,595	(3,947,198)	30,768,956
Interest income	6,798,444	1,853,213	2,586,467	5,751,242	3,779,414	1,487,836	372,977	13,309	(3,680,281)	18,962,621
Interest expense	(1,039,077)	(719,016)	(1,601,807)	(3,786,169)	(2,130,881)	(452,586)	-	(129)	3,680,281	(6,049,384)
Net interest income	5,759,367	1,134,197	984,660	1,965,073	1,648,533	1,035,250	372,977	13,180	-	12,913,237
Net fee and commission income	1,612,977	1,870,571	296,529	138,671	191,404	576,796	106,200	4,939	(23,842)	4,774,245
Gain on foreign currency and investment activities	78,274	8,036	19,342	1,086,802	721,644	70,146	(225)	37,293	(26,506)	1,994,806
Premium income	-	-	-	-	-	1,181,443	2,669,049	-	(142,696)	3,707,796
Other income	5,694	1,759	351	79,771	41,837	23,126	31,377	32,055	(116,742)	99,228
Total operating income	7,456,312	3,014,563	1,300,882	3,270,317	2,603,418	2,886,761	3,179,378	87,467	(309,786)	23,489,312
Staff costs	2,738,584	262,344	77,920	82,861	323,723	372,137	398,972	39,085	(17,649)	4,277,977
Provision for credit losses	444,447	483,603	13,660	-	-	-	-	-	-	941,710
Depreciation and amortisation	94,996	101,215	3,604	20,232	21,025	26,360	36,624	700	35,821	340,577
Impairment losses on securities	-	-	-	-	47,108	41,446	-	-	-	88,554
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	243,478	1,672,680	-	-	1,916,158
Other operating expenses	1,476,683	900,775	349,930	617,685	648,624	586,925	459,160	10,208	(190,662)	4,859,328
Total operating expense	4,754,710	1,747,937	445,114	720,778	1,040,480	1,270,346	2,567,436	49,993	(172,490)	12,424,304
Operating profit before allocated costs	2,701,602	1,266,626	855,768	2,549,539	1,562,938	1,616,415	611,942	37,474	(137,296)	11,065,008
Allocated costs	(2,094,337)	(533,362)	(282,193)	(137,892)	-	-	-	-	-	(3,047,784)
Operating profit	607,265	733,264	573,575	2,411,647	1,562,938	1,616,415	611,942	37,474	(137,296)	8,017,224
Unallocated corporate expenses										(1,002,303)
Share of profit of associates										305,383
Profit before taxation										7,320,304
Taxation										(1,919,206)
Net profit										5,401,098
Segment assets	173,615,065	14,443,672	67,006,587	165,778,717	124,509,119	38,867,910	12,405,629	991,496	(117,827,357)	479,790,838
Associates										6,031,610
Unallocated assets										2,816,044
Total assets										488,638,492
Segment liabilities	161,147,542	9,251,968	53,906,461	149,241,885	103,486,931	26,998,911	8,673,387	149,110	(110,567,743)	402,288,452
Unallocated liabilities										2,348,915
Total liabilities										404,637,367
Capital expenditure	732,049	302,313	50,293	12,250	64,099	72,589	61,931	11,981	-	1,307,505

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2014

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	7,350,186	4,083,725	2,233,595	3,594,616	4,001,473	3,037,302	2,975,039	24,937	-	27,300,873
Revenue from other segments	1,044,190	-	18,827	1,477,765	445,213	55,546	90,655	49,765	(3,181,961)	-
Total revenue	8,394,376	4,083,725	2,252,422	5,072,381	4,446,686	3,092,848	3,065,694	74,702	(3,181,961)	27,300,873
Interest income	6,601,265	1,556,970	2,043,788	4,789,810	4,058,412	1,438,920	349,087	15,297	(2,894,092)	17,959,457
Interest expense	(879,803)	(528,569)	(1,341,209)	(2,974,931)	(2,279,405)	(474,736)	-	(79)	2,894,092	(5,584,640)
Net interest income	5,721,462	1,028,401	702,579	1,814,879	1,779,007	964,184	349,087	15,218	-	12,374,817
Net fee and commission income	1,598,508	1,573,262	173,668	118,587	45,160	551,731	75,865	30,403	(44,297)	4,122,887
Gain on foreign currency and investment activities	92,615	8,116	25,654	31,221	297,946	48,673	9,952	1,922	(10,282)	505,817
Premium income	-	-	-	-	-	1,037,573	2,610,929	-	(108,598)	3,539,904
Other income	30,262	5,349	2,415	128,761	46,349	15,951	19,861	27,078	(150,743)	125,283
Total operating income	7,442,847	2,615,128	904,316	2,093,448	2,168,462	2,618,112	3,065,694	74,621	(313,920)	20,668,708
Staff costs	2,728,300	190,591	108,317	69,544	284,397	275,384	415,928	40,685	(18,378)	4,094,768
Provision for credit losses	481,616	386,858	13,743	-	-	-	-	-	-	882,217
Depreciation and amortisation	73,872	57,030	3,561	39,224	8,155	3,114	33,025	700	35,821	254,502
Policyholders and annuitants benefits and reserves	-	-	-	-	-	609,500	1,589,603	-	-	2,199,103
Other operating expenses	1,169,424	615,098	284,139	379,994	391,857	259,871	437,107	10,996	(177,712)	3,370,774
Total operating expense	4,453,212	1,249,577	409,760	488,762	684,409	1,147,869	2,475,663	52,381	(160,269)	10,801,364
Operating profit before allocated costs	2,989,635	1,365,551	494,556	1,604,686	1,484,053	1,470,243	590,031	22,240	(153,651)	9,867,344
Allocated costs	(2,395,770)	(336,936)	(169,246)	(113,845)	-	-	-	-	-	(3,015,797)
Operating profit	593,865	1,028,615	325,310	1,490,841	1,484,053	1,470,243	590,031	22,240	(153,651)	6,851,547
Unallocated corporate expenses										(683,186)
Negative goodwill on acquisition of subsidiary										301,441
Share of profit of associates										516,647
Profit before taxation										6,986,449
Taxation										(1,433,639)
Net Profit										5,552,810
Segment assets	156,106,309	13,223,723	61,671,408	156,450,246	131,670,757	37,248,613	11,653,691	988,445	(94,369,690)	474,643,502
Associates										8,200,334
Unallocated assets										5,154,434
Total assets										487,998,270
Segment liabilities	146,573,977	8,182,884	51,244,752	140,424,136	113,136,936	27,244,602	7,892,062	179,912	(86,279,376)	408,599,885
Unallocated liabilities										3,087,338
Total liabilities										411,687,223
Capital expenditure	757,740	175,717	30,882	40,727	45,310	189,540	21,824	12,775	-	1,274,515

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2015

(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 47.92% (March 31, 2014 – 46.82%) held by 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 is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Bank's subsidiaries and other consolidated entities, which together with the Bank are referred to as "the Group".

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Investments (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.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended March 31, 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2014 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (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.

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2014 except for the adoption of new and amended standards as described below.

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

Effects of Adoption of IFRIC 21, Levies

On October 1, 2014, the Group adopted IFRIC 21, 'Levies', (effective for annual periods beginning on or after January 1, 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. October 1, 2014 has been determined to be the trigger date under the Assets Tax (Specified Bodies) Act in Jamaica. The adoption of IFRIC 21 has resulted in Group companies with an assessment date of September 30, 2014 recognising the liability in full as at October 1, 2014 for asset-based taxes which were progressively recognised during the year ended September 30, 2014 for amounts due and paid in March 2015. Group companies with an assessment date of December 31, 2014 recognised the liability as at January 1, 2015. The financial impact of the adoption for the six months ended March 31, 2015 is a charge of \$1,233 million on the consolidated income statement. The retrospective effect of the changes on the financial position and results of operations for the period ended March 31, 2014 and the financial position as at September 30, 2014 are as follows:

Effect on the consolidated statement of financial position as at September 30, 2014

	As previously stated	Effect of restatement on non-insurance companies	Effect of restatement on insurance companies	As restated
	\$'000	\$'000	\$'000	\$'000
Total assets	499,345,092			499,345,092
Total liabilities	418,731,340	(992,474)	(240,159)	417,498,707
Other equity	40,188,145			40,188,145
Retained earnings	40,425,607	992,474	240,159	41,658,240
Total equity	80,613,752	992,474	240,159	81,846,385
Total equity and liabilities	499,345,092	-	-	499,345,092

Effect on the consolidated statement of financial position as at March 31, 2014

	As previously stated	Effect of restatement on non-insurance companies	Effect of restatement on insurance companies	As restated
	\$'000	\$'000	\$'000	\$'000
Total assets	487,998,270			487,998,270
Total liabilities	411,939,607	(242,146)	(10,238)	411,687,223
Other equity	39,089,481			39,089,481
Retained earnings	36,969,182	242,146	10,238	37,221,566
Total equity	76,058,663	242,146	10,238	76,311,047
Total equity and liabilities	487,998,270	-	-	487,998,270

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

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

Effect on the consolidated income statement for the quarter ended March 31, 2014

	As previously stated	Effect of restatement on non-insurance companies	Effect of restatement on insurance companies	As restated
	\$'000	\$'000	\$'000	\$'000
Operating income	10,305,349			10,305,349
Operating expenses	6,971,071	(114,776)	54,993	6,911,288
Operating profit	3,334,278	114,776	(54,993)	3,394,061
Share of profit of associates	303,069			303,069
Profit before taxation	3,637,347	114,776	(54,993)	3,697,130
Taxation	(645,315)	-	-	(645,315)
Net profit	2,992,032	114,776	(54,993)	3,051,815

Effect on the consolidated income statement for the six months ended March 31, 2014

	As previously stated	Effect of restatement on non-insurance companies	Effect of restatement on insurance companies	As restated
	\$'000	\$'000	\$'000	\$'000
Operating income	20,775,524			20,775,524
Operating expenses	14,311,962	256,261	38,940	14,607,163
Operating profit	6,463,562	(256,261)	(38,940)	6,168,361
Negative goodwill on acquisition of subsidiary	301,441			301,441
Share of profit of associates	516,647			516,647
Profit before taxation	7,281,650	(256,261)	(38,940)	6,986,449
Taxation	(1,433,639)	-	-	(1,433,639)
Net profit	5,848,011	(256,261)	(38,940)	5,552,810

3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.
- Payment services - This incorporates the provision of card related services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- General insurance - This incorporates property and casualty insurance services.
- The Group's insurance brokerage services, trustee services, 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.

**Interest/Ownership of Securities by Directors and Senior Managers in National Commercial Bank Jamaica
Limited as at March 31, 2015**

Directors	Total	Direct	Connected Parties
Robert Almeida	156,745	156,745	0
Wayne Chen	1,221,076,220	14,044	1,221,062,176
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	0
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	930,902	930,902	0
Hon. Michael Lee-Chin, OJ	1,613,684,118	2,164,259	1,611,519,859
Thalia Lyn, OD *	73,117,935	152,838	72,965,097
Prof. Alvin Wint	88,144	88,144	0
Dave Garcia (Company Secretary)	11,210	11,210	0
Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Ffrench Campbell	57,660	57,660	0
Lennox Channer	354	0	354
Dennis Cohen *	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Raymond Donaldson	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Peter Higgins	0	0	0
Andre Ho Lung	0	0	0
Patrick Hylton, CD	930,902	930,902	0
Vernon James	420,000	420,000	0
Winston Lawson	82,518	82,518	0
Ramon Lewis	0	0	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Anne McMorris Cover	940	940	0
Marva Peynado	52,338	52,338	0
Janelle Prevost	0	0	0
Norman Reid	65,934	65,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriguez	42,147	42,147	0
Malcolm Sadler	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	0	0	0
Allison Wynter *	73,050,766	100,789	72,949,977
Angus Young	0	0	0

* Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 72,949,977 held by trustees of the N.C.B. Staff Pension Fund.

10 Largest Shareholders of National Commercial Bank Jamaica Limited as at March 31, 2015

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,182,045,315	47.92%
Harprop Limited	314,372,000	12.74%
Sagicor PIF Equity Fund	69,000,649	2.80%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Ideal Portfolio Services Company Limited	56,609,517	2.29%
AIC Global Holdings Inc.	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	26,474,981	1.07%
Beta SPV Limited	21,000,000	0.85%
Grace Kennedy Ltd. Pension Scheme	18,696,667	0.76%

Shareholder Profile of National Commercial Bank Jamaica Limited as at March 31, 2015

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	47.92%	47.92%	1,182,045,315
1	10-15%	12.74%	314,372,000
6	1-4%	12.28%	302,817,647
35,181	Less than 1%	27.06%	667,527,866
35,189		100.00%	2,466,762,828