

THIRD QUARTER 2016 EARNINGS RELEASE

July 28, 2016 – The Board of Directors is pleased to release the following financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the nine months ended June 30, 2016.

Financial Results Highlights

For the nine months ended June 30, 2016, NCBJ reported net profit of **\$9.9 billion** and an earnings per stock unit of **\$4.31**.

	Nine months ended June 30, 2016	Nine months ended June 30, 2015	Quarter ended June 30, 2016	Quarter ended June 30, 2015
Net profit (\$'000)	9,936,527	8,553,908	3,941,388	3,152,810
Earnings per stock unit (\$) for profit attributable to stockholders' of the company	\$4.31	\$3.48	\$1.88	\$1.29
Cost to income ratio (%)	65.4%	63.9%	58.6%	59.8%
Return on average total assets (%)	2.4%	2.3%	2.8%	2.5%
Return on average stockholders' equity (%)	14.3%	13.5%	16.7%	14.7%

Nine months ended June 30, 2016 compared with the nine months ended June 30, 2015

- Net profit of \$9.9 billion, an increase of \$1.4 billion or 16.2%.
- Earnings per stock unit of \$4.31, increased by \$0.83 cents.
- Cost to income ratio increased to 65.4%, from 63.9%.
- Total assets of \$584.8 billion, grew by 15.0%, or \$76.1 billion.
- Return on average total assets increased to 2.4%, from 2.3%.
- Total stockholders' equity of \$96.5 billion, increased by 10.5%, or \$9.1 billion.
- Return on average stockholders' equity of 14.3%, increased from 13.5%.
- Net loans of \$180.1 billion, grew by \$17.8 billion, or 11.0%.
- Customer deposits of \$256.0 billion, increased by \$38.9 billion, or 17.9%.

Three months ended June 30, 2016 compared with the three months ended June 30, 2015

- Net profit of \$3.9 billion, an increase of 25.0%, or \$789 million.
- Cost to income ratio decreased to 58.6%, from 59.8%.
- Return on average total assets increased to 2.8%, from 2.5%.
- Return on average stockholders' equity of 16.7%, up from 14.7%.

Three months ended June 30, 2016 compared with the three months ended March 31, 2016

- Net profit of \$3.9 billion, an increase of 9.5%, or \$341 million.
- Cost to income ratio decreased to 58.6%, from 65.0%.
- Return on average total assets of 2.8%, up from 2.6%.
- Return on average stockholders' equity of 16.7%, up from 16.0%.

Our performance for the nine months was driven by the execution of the initiatives under our strategic pillars, management of net interest margins and proactive delinquency management procedures. The focus on sales and service excellence continues to translate into strong growth in our core business portfolios. For the remainder of the financial year we will maintain the pursuit of our strategic objectives to meet our targets as well as strengthen the value to all stakeholders.

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Financial performance

Operating income

For the nine months ended June 30, 2016, operating income increased by 8.8%, or \$3.1 billion, when compared with the nine months ended June 30, 2015, mainly as a result of:

- Net interest income increasing by 8.8%, or \$1.7 billion, due to growth in the net loans and investment securities portfolios and a reduction in interest expenses driven by a decline in funding costs.
- Net fee and commission income increasing by 10.3%, or \$743 million, mainly due to credit related fees from the growth in the loan portfolio, higher volumes of point of sale (POS) transactions and unit trust commissions arising from growth in those portfolios.
- Premium income growing by \$388 million, or 6.8%, due to higher levels of life insurance (individual and group) and annuity contracts.
- Gain on foreign currency and investment activities increasing by 10.8%, or \$305 million, primarily due to net foreign exchange gains arising from the devaluation of the Jamaican dollar against its major trading counterparts.

Operating expenses

Operating expenses increased by 8.2%, or \$2.0 billion, over the nine months ended June 30, 2015. This was mainly due to:

- Staff costs increasing by 13.1%, or \$1.2 billion. This was due to negotiated increases in salaries, wages, allowances & benefits for the 2015/2016 financial year, and additional staff benefits in relation to the 2014/2015 financial year paid during the first quarter.
- Other operating expenses, up by \$734 million, or 8.0%, due to technical, consultancy and professional charges, licensing and processing fees, and credit card rebates.
- Policyholders' and annuitants' benefits and reserves, up by \$412 million, or 12.7%, due to increased actuarial reserves related to life insurance and annuity contracts sold.

Loans and advances

Loans and advances, which totalled \$180.1 billion (net of provision for credit losses) as at June 30, 2016, grew by 11.0%, or \$17.8 billion, compared to the loan portfolio as at June 30, 2015. This was driven by a 14.6% and 6.9% growth in the Retail Banking and Corporate Banking portfolios, respectively. Non-performing loans totalled \$8.8 billion as at June 30, 2016 (\$8.5 billion as at June 30, 2015) and represented 4.8% of the gross loans compared to 5.1% as at June 30, 2015. The regulatory provision coverage at June 30, 2016 was 115.6% of non-performing loans compared to 118.5% at June 30, 2015.

Deposits

Customer deposits were \$256.0 billion, up 17.9% or \$38.9 billion over the prior year. This was driven by growth in our savings, current accounts and fixed deposit portfolios, which increased by 21.1%, 23.9% and 6.6% respectively, over the prior year.

Capital

The stockholders' equity was \$96.5 billion as at June 30, 2016, up 10.5% over the prior year. Our capital position remains strong and our individual companies continue to meet their respective capital/key regulatory requirements.

Financial performance (continued)

Capital (continued)

Company	Key regulatory ratios	June 30, 2016	June 30, 2015
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.7%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	39.2%	39.5%
NCB Insurance Company Limited	Minimum continuing capital surplus ratio [Minimum requirement – 150.0%]	483.7%	688.3%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	354.9%	336.8%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	20.0%	21.3%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	28.7%	37.2%

Dividends

The Board of Directors, at its meeting on July 28, 2016, declared an interim dividend of **\$0.50** per ordinary stock unit. The dividend is payable on August 29, 2016 for stockholders on record as at August 15, 2016.

Business highlights

- During the quarter, we finalised the acquisition of 29.99% shareholding in Guardian Holdings Limited (GHL shareholding). The beneficial owner of the GHL shareholding is NCBJ's nominee and affiliate, NCB Financial Group Limited.
- We launched the NCB Innovation Internship Programme, where fifteen (15) local and international full-time undergraduate students spanning areas of technology, sciences, business and other related fields will participate in a series of ideation sessions aimed at improving customer and efficiency experiences in the financial services sector.
- We recognised the contributions of over 300 employees who have given 10-40 years of service to our organisation at our annual Long Service Awards Ceremony. This ceremony represents one of the hallmarks of NCB's rewards and recognition strategy, which highlights the central value of our employees to the organisation's growth and development.
- We have written to the Securities and Exchange Commission (SEC) in the United States (US) requesting a withdrawal of our Initial Public Offering (IPO) filed four (4) years ago on the New York Stock Exchange (NYSE). We may consider a public offering process in the future in the event market conditions are desirable.

Awards

- N.C.B. Foundation was the recipient of the **Golden Triangle – Champion for Youth Award**, received from Junior Achievement Jamaica for consistent commitment to the development of youth through programmes promoting financial literacy.
- N.C.B. Foundation was awarded the **International Youth Fellowship (IYF) World Youth Camp Award** to mark our continued support of the IYF World Youth Camp, impacting over 2,500 youths from inner-city communities.
- The Foundation also received the **Jamaica Environment Trust – Manatee Sponsor Award** in recognition of support of Schools' Environment Programme (SEP).

Segment performance for the nine months ended June 30, 2016

Commercial banking activities, comprising the Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments, produced combined operating profits of \$8.1 billion for the nine months ended June 30, 2016, an increase of 15.9%, or \$1.1 billion, when compared to the nine months ended June 30, 2015. Our Treasury & Correspondent Banking segment was the largest contributor to operating profit for the period.

<u>Segment</u>	<u>Operating Profit nine months ended June 30, 2016</u> (\$'M)	<u>Operating Profit nine months ended June 30, 2015</u> (\$'M)	<u>Comments</u>
Retail & SME	1,195	1,289	<ul style="list-style-type: none"> • \$95 million, or 7.3%, decrease from prior year. • 7.7% contribution to segment operating profit. • Operating income grew by \$1.0 billion mainly as a result of increased net interest income arising from growth in the loan portfolio and lower funding costs. This was offset by higher operating expenses and allocated costs up by \$556 million and \$547 million, respectively, primarily as a result of higher staff costs.
Payment Services	1,332	1,072	<ul style="list-style-type: none"> • \$260 million, or 24.3%, increase over prior year. • 8.6% contribution to segment operating profit. • Operating expenses decreased by \$268 million or 10.5% due to the reversal of non-credit provisions and lower provisions for credit losses.
Corporate Banking	1,513	952	<ul style="list-style-type: none"> • \$561 million, or 58.9%, increase over prior year. • 9.8% contribution to segment operating profit. • Increased operating income of \$652 million as a result of higher net interest income due to a reduction in interest expenses and increased net fee and commission income.
Treasury & Correspondent Banking	4,037	3,654	<ul style="list-style-type: none"> • \$383 million, or 10.5%, increase over prior year. • 26.0% contribution to segment operating profit. • Operating income increased by 9.4% or \$445 million primarily due to increased gains from foreign currency and investment activities.
Wealth, Asset Management & Investment Banking	3,608	2,507	<ul style="list-style-type: none"> • \$1.1 billion, or 43.9%, improvement over prior year. • 23.3% contribution to segment operating profit. • Operating income increased by \$1.4 billion or 34.7% resulting from increased net interest income as a result of a reduction in interest expenses from a decline in the repo portfolio, and growth in unit trust and corporate finance fees.
Life Insurance & Pension Fund Management	2,856	2,408	<ul style="list-style-type: none"> • \$447 million, or 18.6%, increase over prior year. • 18.4% contribution to segment operating profit. • Operating income grew by 15.8% or \$720 million mainly due to increased premium income from growth in sales of annuity contracts and individual and group life products, while operating expenses increased by \$273 million or 12.7% due to increased policyholders' and annuitants' benefits and reserves from the insurance contracts sold.
General Insurance	958	1,018	<ul style="list-style-type: none"> • \$60 million, or 5.9%, decrease from prior year. • 6.2% contribution to segment operating profit. • Operating income declined by \$34 million or 0.7% and operating expenses grew by \$26 million or 0.7%.

Corporate Social Responsibility

The N.C.B. Foundation through the Jamaican Education Initiative (JEI) donated over \$38 million for the first nine months of the financial year to fund and administer various initiatives financed by 0.50% of prior year personal Keycard sales, as well as 0.50% of the Bank's prior year profits. The Foundation has impacted over 60,000 persons inclusive of youths and the elderly, which was achieved by over 1,000 hours spent by our Volunteer Corps (staff and scholars) to execute projects.

Education

Education continues to be the area that receives key funding and support to address the poor numeracy and literacy indicators, student enrolment declines and the rising cost of education. The major projects supported were:

- Read Across Jamaica & Teachers' day initiatives – staff engaged students across our adopted school network which comprises 31 primary and junior high schools. Over 40 staff visited their respective schools and read to the students and feted the teachers.
- Clean Hands Saves Lives: iWash Initiative – this is a partnership in collaboration with Health Care Marketing Jamaica Limited designed to reinforce the importance of hand washing. The project will be rolled out in 50 schools islandwide inclusive of NCB's 31 adopted schools which directly impacts over 1,500 students.
- Susan Foundation Back to School Project – partnering to provide educational supplies and funding benefiting over 400 students.

Sports and Community Development

Community & Sports Development is used as a tool for unification and social changes and the major projects during the period were:

- Labour Day activities – In support of the National Theme, "Keep It Clean For Health's Sake", NCB registered 34 projects for Labour Day 2016 with a spend of over \$6 million. Under the guidance of the Ministry of Health three (3) clinics were selected; one from each county: Olympic Gardens Health Centre (Surrey), Brown's Town Health Centre (Middlesex) and Lucea Health Centre (Cornwall). The primary project executed at the Olympic Gardens Health Centre in Kingston had over 120 volunteers painting the entire building. Combined, these facilities impact/serve over 40,000 Jamaicans who frequent these Clinics for a wide range of healthcare needs.
- Food for the Poor Jamaica (FFPJ) Build-A-Home Project – we supported the second 5K Run/Walk to raise funds to build homes for needy families. Over 15 lives were directly impacted through donations of approximately \$1 million and two homes will be built as a part of NCB's direct support; one in Hampstead, St Thomas for a single parent family with 5 children; the other will be in the western part of the island.

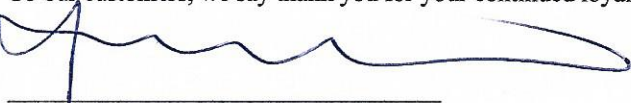
Youth Leadership & Entrepreneurship

Youth Leadership and Entrepreneurship continues to develop future leaders and contributors to the Jamaican economy and to advance our focus in this area the following major projects were undertaken:

- International Youth Fellowship (IYF) World Youth Camp – through a partnership with the Ministry of Education 500 youths between the ages of 14-30 years were engaged in developmental training and team building activities.
- Learn-Fest – 350 youths were trained to develop and/or enhance their entrepreneurial pursuits.

We continue to build the communities we serve and positively impact nation building through the work of the N.C.B. Foundation, our branches and staff. We are grateful for the support of our valued stakeholders as we continue on this journey.

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

Nine months ended June 30, 2016

(expressed in Jamaican dollars unless otherwise indicated)

Note	CURRENT YEAR			PRIOR YEAR	
	Quarter ended	Quarter ended	Year to date	Quarter ended	Year to date
	June 30 2016 \$'000	March 31 2016 \$'000	June 30 2016 \$'000	June 30 2015 \$'000	June 30 2015 \$'000
Operating income					
Interest income	9,769,639	9,713,543	29,209,412	9,170,943	28,137,042
Interest expense	(2,848,674)	(2,634,310)	(8,173,447)	(2,746,476)	(8,808,137)
Net interest income	6,920,965	7,079,233	21,035,965	6,424,467	19,328,905
Fee and commission income	3,428,012	3,311,533	9,926,622	2,941,457	8,858,734
Fee and commission expense	(674,473)	(707,846)	(1,944,512)	(547,758)	(1,620,069)
Net fee and commission income	2,753,539	2,603,687	7,982,110	2,393,699	7,238,665
Gain on foreign currency and investment activities	1,311,603	1,200,107	3,125,937	827,134	2,820,981
Premium income	1,695,350	2,046,660	6,089,692	1,993,611	5,701,407
Dividend income	32,623	21,509	90,319	21,444	85,258
Other operating income	47,919	32,890	100,747	20,751	140,874
	3,087,495	3,301,166	9,406,695	2,862,940	8,748,520
	12,761,999	12,984,086	38,424,770	11,681,106	35,316,090
Operating expenses					
Staff costs	3,295,005	3,451,171	10,207,794	2,706,751	9,026,878
Provision for credit losses	156,889	322,323	903,630	472,270	1,412,131
Policyholders' and annuitants' benefits and reserves	753,827	1,439,854	3,647,029	1,318,696	3,234,854
Depreciation and amortisation	498,256	450,070	1,382,390	391,772	1,139,330
Impairment losses on securities	-	-	-	-	88,554
Other operating expenses	2,935,811	3,101,371	9,909,129	2,567,101	9,174,906
	7,639,788	8,764,789	26,049,972	7,456,590	24,076,653
Operating profit	5,122,211	4,219,297	12,374,798	4,224,516	11,239,437
Share of profit of associates	131,017	119,027	389,421	6,008	311,391
Profit before taxation	5,253,228	4,338,324	12,764,219	4,230,524	11,550,828
Taxation	(1,311,840)	(738,295)	(2,827,692)	(1,077,714)	(2,996,920)
NET PROFIT	3,941,388	3,600,029	9,936,527	3,152,810	8,553,908
Attributable to:					
Stockholders of the company	4,624,888	3,600,029	10,620,027	3,152,810	8,553,908
Non-controlling interest	(683,500)	-	(683,500)	-	-
	3,941,388	3,600,029	9,936,527	3,152,810	8,553,908
Earnings per stock unit for profit attributable to the stockholders of the company (expressed in \$ per share)					
Basic and diluted	1.88	1.47	4.31	1.29	3.48

National Commercial Bank Jamaica Limited
Unaudited Consolidated Statement of Comprehensive Income

Nine months ended June 30, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Quarter ended June 30 2016 \$'000	Quarter ended March 31 2016 \$'000	Year to date June 30 2016 \$'000	Quarter ended June 30 2015 \$'000	Year to date June 30 2015 \$'000
Net Profit		3,941,388	3,600,029	9,936,527	3,152,810	8,553,908
Other comprehensive income, net of tax-						
Items that will not be reclassified to profit or loss						
Remeasurements of post-employment benefit obligations		(69,964)	(76,601)	(216,528)	(12,700)	(78,486)
		3,871,424	3,523,428	9,719,999	3,140,110	8,475,422
Items that may be subsequently reclassified to profit or loss						
Currency translation gains		514,488	42,871	607,785	100,841	172,194
Unrealised gains on available-for-sale investments		1,603,090	2,358,726	3,064,203	1,417,771	2,370,235
Realised fair value gains on sale and maturity of available-for-sale investments		(453,260)	(132,258)	(706,265)	(162,075)	(894,683)
		1,664,318	2,269,339	2,965,723	1,356,537	1,647,746
Total other comprehensive income		1,594,354	2,192,738	2,749,195	1,343,837	1,569,260
Total comprehensive income for the period		5,535,742	5,792,767	12,685,722	4,496,647	10,123,168
Total comprehensive income attributable to:						
Stockholders of the company		5,933,181	5,792,767	13,083,161	4,496,647	10,123,168
Non-controlling interest	5	(397,439)	-	(397,439)	-	-
		5,535,742	5,792,767	12,685,722	4,496,647	10,123,168

National Commercial Bank Jamaica Limited

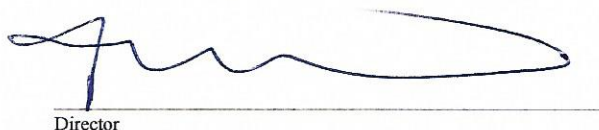
Unaudited Consolidated Statement of Financial Position

June 30, 2016


(expressed in Jamaican dollars unless otherwise indicated)

	Note	June 30 2016 S'000	September 30 2015 S'000	June 30 2015 S'000
ASSETS				
Cash in hand and balances at Central Banks		31,589,210	28,875,090	27,192,501
Due from other banks		33,727,955	24,064,233	34,396,963
Derivative financial instruments		431,375	486,783	441,208
Investment securities at fair value through profit or loss		1,632,102	943,184	675,421
Reverse repurchase agreements		2,816,301	2,148,117	2,096,633
Loans and advances, net of provision for credit losses		180,077,213	165,404,606	162,261,944
Investment securities classified as available-for-sale and loans and receivables		156,418,869	166,019,274	147,546,417
Pledged assets		120,527,697	110,659,584	109,092,018
Investment in associates	4	34,517,128	6,307,220	6,316,607
Investment properties		664,917	475,500	475,500
Intangible assets		3,302,472	2,812,563	2,626,793
Property, plant and equipment		8,286,309	8,030,877	7,814,260
Deferred income tax assets		146,353	70,242	22,144
Income tax recoverable		1,867,754	902,435	1,046,856
Customers' liability - letters of credit and undertaking		2,199,099	1,775,088	1,550,447
Other assets		6,595,129	4,840,365	5,102,814
Total assets		584,799,883	523,815,161	508,658,526
LIABILITIES				
Due to other banks		15,213,837	6,146,366	8,595,846
Customer deposits		255,989,595	227,850,985	217,047,388
Repurchase agreements		107,454,965	100,004,008	93,247,946
Obligations under securitisation arrangements		47,167,725	44,292,064	43,326,185
Derivative financial instruments		131,457	52,794	-
Other borrowed funds		9,885,170	8,595,313	8,568,123
Income tax payable		50,430	181,084	322,668
Deferred income tax liabilities		2,301,054	1,793,557	2,336,300
Liabilities under annuity and insurance contracts		35,734,288	34,689,274	35,138,522
Provision for litigation		-	1,500	1,500
Post-employment benefit obligations		3,441,718	2,940,888	2,469,235
Liability - letters of credit and undertaking		2,199,099	1,775,088	1,550,447
Other liabilities		8,708,040	7,098,029	8,664,442
Total liabilities		488,277,378	435,420,950	421,268,602
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		5,444,983	2,765,321	4,218,751
Loan loss reserve		6,267,073	5,706,122	5,580,060
Banking reserve fund		6,527,091	6,518,648	6,512,634
Retained earnings reserve		28,510,000	20,810,000	20,310,000
Retained earnings		43,708,454	46,131,777	44,306,136
		96,919,944	88,394,211	87,389,924
Non-controlling interest	5	(397,439)	-	-
Total stockholders' equity		96,522,505	88,394,211	87,389,924
Total stockholders' equity and liabilities		584,799,883	523,815,161	508,658,526

Approved for issue by the Board of Directors on July 28, 2016 and signed on its behalf by:



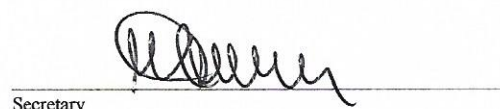
Director



Director



Director



Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended June 30, 2016

(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	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2014	6,465,731	(3,388)	2,571,005	5,375,901	6,512,634	19,430,000	41,494,500	-	81,846,383
Total comprehensive income	-	-	1,647,746	-	-	-	8,475,422	-	10,123,168
Dividends paid	-	-	-	-	-	-	(4,579,627)	-	(4,579,627)
Transfer to Loan Loss Reserve	-	-	-	204,159	-	-	(204,159)	-	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	880,000	(880,000)	-	-
Balance at June 30, 2015	6,465,731	(3,388)	4,218,751	5,580,060	6,512,634	20,310,000	44,306,136	-	87,389,924
Balance at October 1, 2015	6,465,731	(3,388)	2,765,321	5,706,122	6,518,648	20,810,000	46,131,777	-	88,394,211
Total comprehensive income	-	-	2,679,662	-	-	-	10,403,499	(397,439)	12,685,722
Dividends paid	-	-	-	-	-	-	(4,557,428)	-	(4,557,428)
Transfer to Banking Reserve Fund	-	-	-	-	8,443	-	(8,443)	-	-
Transfer to Loan Loss Reserve	-	-	-	560,951	-	-	(560,951)	-	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	7,700,000	(7,700,000)	-	-
Balance at June 30, 2016	6,465,731	(3,388)	5,444,983	6,267,073	6,527,091	28,510,000	43,708,454	(397,439)	96,522,505

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Nine months ended June 30, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	June 30	June 30
	2016	2015
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	9,936,527	8,553,908
Adjustments to reconcile net profit to net cash provided by operating activities	18,230,841	(28,212,483)
Net cash provided by/(used in) operating activities	<u>28,167,368</u>	<u>(19,658,575)</u>
Cash Flows from Investing Activities		
Acquisition of associate	(27,952,112)	-
Acquisition of property, plant and equipment	(1,191,151)	(1,284,131)
Acquisition of intangible asset - computer software	(1,049,901)	(553,864)
Proceeds from disposal of property, plant and equipment	19,002	98,081
Dividends received from associates	158,648	142,589
Purchases of investment securities	(161,837,581)	(87,867,366)
Sales/maturities of investment securities	163,696,993	93,986,206
Net cash (used in)/provided by investing activities	<u>(28,156,102)</u>	<u>4,521,515</u>
Cash Flows from Financing Activities		
Proceeds from securitisation arrangements	-	28,748,011
Proceeds from other borrowed funds	2,862,145	956,976
Repayments of other borrowed funds	(1,943,227)	(4,532,464)
Due to other banks	8,964,879	499,186
Dividends paid	(4,557,428)	(4,579,627)
Net cash provided by in financing activities	<u>5,326,369</u>	<u>21,092,082</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,603,011</u>	<u>1,619,950</u>
Net increase in cash and cash equivalents	<u>7,940,646</u>	<u>7,574,972</u>
Cash and cash equivalents at beginning of period	<u>28,879,720</u>	<u>28,246,559</u>
Cash and cash equivalents at end of period	<u>36,820,366</u>	<u>35,821,531</u>
Comprising:		
Cash in hand and balances at Central Banks	5,308,723	3,871,350
Due from other banks	32,174,210	33,633,351
Reverse repurchase agreements	2,222,456	1,231,605
Investment securities	109,877	1,481,117
Due to other banks	(2,994,900)	(4,395,892)
	<u>36,820,366</u>	<u>35,821,531</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended June 30, 2016

	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	10,673,776	7,353,745	4,648,755	7,752,538	7,621,961	5,865,118	4,525,474	101,362	-	48,542,729
Revenue from other segments	2,812,485	-	26,365	2,808,575	460,639	87,192	169,857	45,023	(6,410,136)	-
Total revenue	13,486,261	7,353,745	4,675,120	10,561,113	8,082,600	5,952,310	4,695,331	146,385	(6,410,136)	48,542,729
Interest income	10,650,054	2,683,970	3,880,950	8,423,757	5,681,452	2,287,969	594,145	14,156	(5,007,221)	29,209,232
Interest expense	(1,177,643)	(857,688)	(2,063,525)	(5,393,285)	(2,778,824)	(680,928)	-	(676)	4,795,237	(8,157,332)
Net interest income	9,472,411	1,826,282	1,817,425	3,030,472	2,902,628	1,607,041	594,145	13,480	(211,984)	21,051,900
Net fee and commission income	2,604,888	2,681,444	742,659	275,933	573,307	921,102	109,691	7,838	(65,515)	7,851,347
Gain on foreign currency and investment activities	133,576	15,516	38,175	1,689,552	1,298,436	235,798	152,359	77,761	(520,400)	3,120,773
Premium income	-	-	-	-	-	2,479,924	3,798,230	-	(188,462)	6,089,692
Other income	5,458	2,043	548	164,969	523,264	27,517	40,906	46,633	(676,293)	135,045
Total operating income	12,216,333	4,525,285	2,598,807	5,160,926	5,297,635	5,271,382	4,695,331	145,712	(1,662,654)	38,248,757
Staff costs	4,378,701	409,103	167,178	129,660	659,898	554,779	724,694	53,390	(70,011)	7,007,392
Provision for credit losses	532,217	369,802	(8,323)	-	9,680	-	-	-	-	903,376
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,264,061	2,382,968	-	-	3,647,029
Depreciation and amortisation	189,402	195,053	5,245	34,869	36,880	58,153	54,788	182	53,732	628,304
Other operating expenses	2,196,712	1,310,266	417,106	710,308	983,616	538,788	574,908	10,814	(277,971)	6,464,547
Total operating expense	7,297,032	2,284,224	581,206	874,837	1,690,074	2,415,781	3,737,358	64,386	(294,250)	18,650,648
Operating profit before allocated costs	4,919,301	2,241,061	2,017,601	4,286,089	3,607,561	2,855,601	957,973	81,326	(1,368,404)	19,598,109
Allocated costs	(3,724,741)	(908,924)	(504,248)	(249,116)	-	-	-	-	-	(5,387,029)
Operating profit	1,194,560	1,332,137	1,513,353	4,036,973	3,607,561	2,855,601	957,973	81,326	(1,368,404)	14,211,080
Unallocated corporate expenses										(1,836,282)
Share of profit of associates										389,421
Profit before taxation										12,764,219
Taxation										(2,827,692)
Net Profit										9,936,527
Segment assets	200,475,627	17,561,174	73,547,560	222,405,054	152,952,743	41,326,780	13,772,765	1,230,057	(175,731,706)	547,540,054
Associates										34,517,128
Unallocated assets										2,742,701
Total assets										584,799,883
Segment liabilities	189,054,393	9,996,806	59,036,539	201,040,870	128,061,990	28,533,387	8,536,748	899,113	(139,496,288)	485,663,558
Unallocated liabilities										2,613,820
Total liabilities										488,277,378
Capital expenditure	898,667	703,637	87,271	30,462	297,471	108,014	102,111	13,419	-	2,241,052

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Nine months ended June 30, 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	10,908,938	7,124,322	4,283,786	7,284,899	6,351,530	5,147,486	4,552,580	90,755	-	45,744,296
Revenue from other segments	1,926,077	-	37,465	3,005,103	621,130	84,576	176,792	45,335	(5,896,478)	-
Total revenue	12,835,015	7,124,322	4,321,251	10,290,002	6,972,660	5,232,062	4,729,372	136,090	(5,896,478)	45,744,296
Interest income	10,191,776	2,723,283	3,857,429	8,516,300	5,510,690	2,225,308	543,683	19,780	(5,453,653)	28,134,596
Interest expense	(1,529,207)	(1,069,008)	(2,361,202)	(5,567,014)	(3,036,822)	(680,590)	-	(163)	5,453,653	(8,790,353)
Net interest income	8,662,569	1,654,275	1,496,227	2,949,286	2,473,868	1,544,718	543,683	19,617	-	19,344,243
Net fee and commission income	2,419,450	2,736,714	420,379	211,490	354,855	861,294	149,361	7,560	(21,243)	7,139,860
Gain on foreign currency and investment activities	118,123	13,865	29,317	1,399,877	1,045,666	147,774	50,373	61,616	(49,972)	2,816,639
Premium income	-	-	-	-	-	1,963,872	3,950,777	-	(213,242)	5,701,407
Other income	8,372	2,470	529	154,995	59,181	33,814	35,178	47,135	(214,234)	127,440
Total operating income	11,208,514	4,407,324	1,946,452	4,715,648	3,933,570	4,551,472	4,729,372	135,928	(498,691)	35,129,589
Staff costs	3,847,962	352,660	117,756	117,089	517,814	532,752	595,848	56,414	(21,663)	6,116,632
Provision for credit losses	661,601	719,044	8,991	-	-	-	-	-	-	1,389,636
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	816,169	2,418,685	-	-	3,234,854
Depreciation and amortisation	142,800	153,538	5,644	30,752	26,779	34,098	54,725	966	53,732	503,034
Impairment losses on securities	-	-	-	-	47,108	41,446	-	-	-	88,554
Other operating expenses	2,088,869	1,326,601	440,330	709,860	834,776	718,801	642,324	14,771	(275,912)	6,500,420
Total operating expense	6,741,232	2,551,843	572,721	857,701	1,426,477	2,143,266	3,711,582	72,151	(243,843)	17,833,130
Operating profit before allocated costs	4,467,282	1,855,481	1,373,731	3,857,947	2,507,093	2,408,206	1,017,790	63,777	(254,848)	17,296,459
Allocated costs	(3,178,062)	(783,586)	(421,455)	(204,412)	-	-	-	-	-	(4,587,515)
Operating profit	1,289,220	1,071,895	952,276	3,653,535	2,507,093	2,408,206	1,017,790	63,777	(254,848)	12,708,944
Unallocated corporate expenses										(1,469,507)
Share of profit of associates										311,391
Profit before taxation										11,550,828
Taxation										(2,996,920)
Net Profit										8,553,908
Segment assets	174,746,442	15,327,119	68,766,649	176,005,719	121,050,393	39,652,734	12,990,263	1,011,293	(109,042,698)	500,507,914
Associates										6,316,607
Unallocated assets										1,834,005
Total assets										508,658,526
Segment liabilities	160,223,580	10,032,498	55,400,146	158,646,511	99,056,618	27,574,752	8,494,034	144,750	(101,353,516)	418,219,373
Unallocated liabilities										3,049,229
Total liabilities										421,268,602
Capital expenditure	1,019,315	469,421	66,074	17,718	80,053	98,820	69,739	16,855	-	1,837,995

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

June 30, 2016

(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 Services Act, 2014. The Bank is a 50.98% (June 30, 2015 – 48.09%) 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 is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

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

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Trust Company (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, NCB Global Finance Limited which is incorporated in Trinidad and Tobago, NCB Capital Markets (Barbados) Limited which is incorporated in Barbados and NCB Capital Markets SA which is incorporated in the Dominican Republic.

NCB Financial Group Limited, an affiliate of the Bank, was incorporated in April 2016. The results and financial position of NCB Financial Group Limited for the quarter ended June 30, 2016 have been consolidated and also reported as a non-controlling interest in the Group's financial statements.

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the nine months ended June 30, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2015 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, 2015.

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 trustee services and the outstanding transactions and balances of certain inactive subsidiaries 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.

4. Acquisition

The acquisition of 29.99% shareholding in Guardian Holdings Limited (GHL) was completed in May 2016. The total number of shares acquired was 69,547,241 ordinary shares and the beneficial owner of the GHL shareholding is the Bank's nominee and affiliate, NCB Financial Group Limited.

The Group has accounted for this investment as an associated company and will apply the equity method based on a three month lag. The share of net assets acquired in GHL was determined provisionally based on the March 31, 2016 interim financial statements released by that entity.

5. Non-Controlling Interest

The results and equity attributable to non-controlling interest arise from NCB Financial Group Limited, the company which beneficially holds the shares in GHL. The Bank does not own NCB Financial Group Limited; however, the company is controlled by the Bank by virtue of the composition of that company's Board, which gives the Bank the ability to direct the operational, financial and strategic activities of the company.

**Interest/Ownership of Securities by Directors and Senior Managers in National Commercial Bank Jamaica
Limited as at June 30, 2016**

Directors	Total	Direct	Connected Parties
Robert Almeida	190,312	190,312	0
Wayne Chen	1,296,656,249	14,044	1,296,642,205
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	1,597,397,424	2,298,036	1,595,099,388
Thalia Lyn, OD *	73,118,509	153,412	72,965,097
Oliver Mitchell, Jr.	0	0	0
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
Karlene Bailey	0	0	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Lennox Channer	354	0	354
Dennis Cohen *	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Damian Duncan	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
Kevin Ingram	37	37	0
Vernon James	0	0	0
Gabrielle Kelly	0	0	0
Winston Lawson	109,418	109,418	0
Ramon Lewis	30,000	30,000	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Anne McMorris Cover	940	940	0
Garfield Palmer	0	0	0
Marva Peynado	52,338	52,338	0
Janelle Prevost	0	0	0
Norman Reid	15,934	15,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriquez	42,147	42,147	0
Malcolm Sadler	0	0	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Warrick Ward	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	5,000	5,000	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 June 30, 2016

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,257,624,844	50.98%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	79,512,785	3.22%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Ideal Portfolio Services Company Limited	54,336,643	2.20%
AIC Global Holdings Inc.	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	36,090,981	1.46%
Beta SPV Limited	21,000,000	0.85%
Neon Liberty Lorikeet Master Fund LP	19,321,560	0.78%

Shareholder Profile of National Commercial Bank Jamaica Limited as at June 30, 2016

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	50.98%	50.98%	1,257,624,844
1	6 - 10%	9.01%	222,372,000
6	1 - 4%	13.00%	320,672,909
36,448	Less than 1%	27.00%	666,093,075
36,456		100.00%	2,466,762,828