



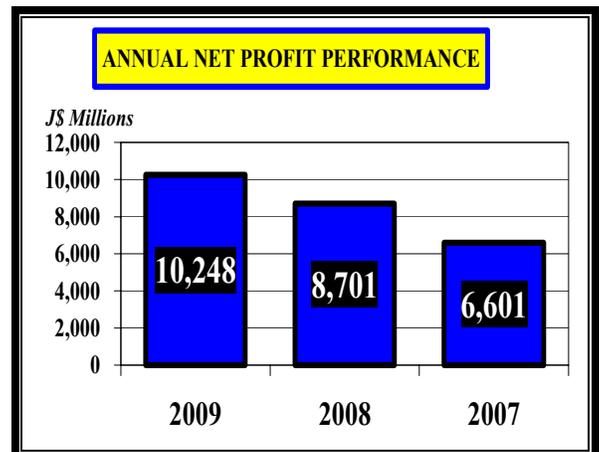
**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
REPORTS AUDITED NET PROFIT OF \$10,248 MILLION
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER
2009.**

The Board of Directors is pleased to release the following audited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the financial year ended 30 September 2009.

PERFORMANCE HIGHLIGHTS

Year Ended September 2009 compared with Year Ended September 2008

- Net Profit of \$10,248 million, increased by \$1,547 million or 18% .
- Earnings per Stock Unit of \$4.16 grew by \$0.62 or 18% .
- Operating Revenue of \$27,141 million, an increase of 10% .
- Cost to Income Ratio of 47.7% vs. 50.1%.
- Risk-Based Capital Ratio of 14.63% vs. 14.63%.
- Total Assets of \$315.1 billion, improved by 8% .
- Net Loans of \$88.2 billion, grew by 7%.
- Investment Securities of \$167.7 billion, up by \$13,147 million or 9% .
- Customer Deposits of \$130.3 billion, increased by 3%.
- Return on Average Equity was 28.34% vs. 29.07%.
- Return on Average Assets was 3.38% vs. 3.19%.



Quarter ended September 2009 compared with Quarter ended September 2008

- Net Profit of \$2,908 million, increased by 50% or \$964 million.
- Earnings per Stock Unit of \$1.18 grew by \$0.38 or 50% .
- Operating Revenue increased by \$730 million or 11% .
- Return on Average Equity was 29.56% vs. 24.39%.
- Return on Average Assets was 3.71% vs. 2.72%.



Banking

The Banking segment's results for the financial year ended 30 September 2009 represent a decrease of \$143 million or 1% from the September 2008 period. However, when the one-off gain of \$1,059 million on the sale of Visa Incorporated shares gain is excluded from the 2008 results, the Banking segment shows an increase of \$916 million or 10%. The results reflect growth in the Corporate and Retail loan portfolios, which were responsible for a 25% increase in interest income from loans, and growth in the investment portfolio which accounted for 18% growth in interest income for securities.

Loans and advances totalled \$88.2 billion (net of provision for credit losses) as at 30 September 2009 growing by J\$6,009 million over the balances as at 30 September 2008. Based on the latest Bank of Jamaica Commercial Banking Industry review (June 2009), NCBJ had the largest market share of net loans, recording growth of 25% over the prior year, exceeding the industry growth of 20%.

Non-performing loans totalled \$2.3 billion as at September 2009 which represented 2.61% of the gross loans compared to 2.34% as at 30 September 2008. We have enhanced our delinquency management and loan origination processes to proactively and aggressively monitor our loan portfolio in the current economic environment. Our provision coverage as at September 2009 was 147.3% compared to 152.9% at September 2008.

For the financial year ended 30 September 2009, provision for credit losses totalled \$1,028 million compared with \$468 million for the period ended 30 September 2008, mainly due to the impact of the challenging economic environment on our customers. We have responded to the challenges by implementing a number of measures to assist customers.

NCBJ remains the largest commercial bank when measured by profit, assets and branch network, and we believe that these advantages provide significant opportunities for continued growth.



Wealth Management

Our wealth and asset management segment contributed operating profits of \$2.5 billion for the financial year ended 30 September 2009. NCB Capital Markets Limited (NCBCM) the main contributor to this segment provided 88% of the operating profits. The result for this segment reflects a \$1.6 billion increase over the 2008 financial year. The 2008 results included a provision for impairment losses made on amounts due from Lehman Brothers Group. NCBCM continues to strategically position itself to capitalise on market opportunities, while making other internal adjustments to minimise the negative impact of the current economic environment on its operations.

Insurance

Our insurance segment contributed operating profits of \$1.8 billion for the financial year ended 30 September 2009, representing an increase of 138% or \$1.1 billion over the corresponding period of the previous financial year. NCB Insurance Company Limited (NCBIC), the major contributor to this segment achieved a net profit of \$1.7 billion, increasing by \$981 million when compared to 30 September 2008.

Overall, our segment results reflect the careful and strategic management of customer relationships and needs, expert management of interest rate spreads and liquidity and proactive and effective management of our risks and costs.

We remain committed to and continue to pursue our strategic objectives and most importantly to keeping our organisation strong for all our stakeholders.

This strength is reflected in our capital position as follows:

CAPITAL

The Group's Stockholders' Equity of \$41.0 billion increased by \$9.7 billion or 31% when compared to 30 September 2008.

- The Risk-Based Capital Ratio for NCBJ was 14.63% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica.
- The Capital to Risk Weighted Assets Ratio for NCBCM was 60.75% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.
- The Solvency Ratio for NCBIC was 23.2% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.



DIVIDENDS

On 05 November 2009, the Board declared an interim dividend of \$0.89 per ordinary stock unit. The dividend is payable on 03 December 2009 for stockholders on record as at 20 November 2009.

COMMUNITY RELATIONS

In pursuit of our objective of Engaging in Nation Building, we donated over \$21 million during the quarter in support of projects in the areas of Education, Community Development, Sports Development, Youth Leadership and Entrepreneurship.

Education

During this quarter, we committed \$18 million in scholarships to 408 students at the tertiary, secondary and primary school levels. The scholarships assisted the students with tuition, books and other school supplies. In addition, we made donations towards school upgrading projects including the purchase of computers for skills training programmes. Among the schools that received assistance in these areas, were the Paul Bogle High School located in St. Thomas and the Loving Care Christian Academy located in Hanover.

Community Development

We also assisted in funding community development initiatives affiliated to the Jamaica Red Cross Organization, the Jamaica Fire Brigade Self- Help Project and the Hargreaves Memorial Hospital received assistance during the quarter. We continued the 'Be the Change' initiative and donations were made to 19 charities across the island. Among the charities that received assistance were the Cancer Society, Jamaica Redevelopment Project, Guiding Light, Jamaica Special Olympics, Buff Bay Hospital, the Intensive Care Units of the Port Antonio and UHWI Hospitals, and the Grace Kennedy Education Fund.

Sports Development

With our extended focus on developing our youths through sports commitments were made towards sports programmes in schools which included the purchasing of gear and equipment. The Foundation also supported community sports initiatives such as the Tivoli Gardens Football Club, St. Elizabeth Football Association and the Real Mona Football Club.

Overall, during the quarter, we contributed to 62 projects in the areas of Training, Art and Culture, Health, and Community Outreach across the island.



COMMUNITY RELATIONS (continued)

We wish to express our deep appreciation to our staff members for their commitment and dedication to excellence in their work and for their enthusiastic involvement in the Group's philanthropic pursuits. We also wish to express our sincere gratitude to our customers for their loyalty, confidence and continued support during these challenging times.

A handwritten signature in black ink, consisting of a series of connected loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Consolidated Profit & Loss Account

Year ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>		<i>PRIOR YEAR</i>	
	Unaudited	Audited	Unaudited	Audited
	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	30 Sept 09	30 Sept 09	30 Sept 08	30 Sept 08
	\$'000	\$'000	\$'000	\$'000
Operating Income				
Interest income from loans	3,276,250	13,086,462	3,080,800	10,477,522
Interest income from securities	6,116,337	22,374,236	4,893,984	18,925,051
Total interest income	9,392,587	35,460,698	7,974,784	29,402,573
Interest expense	(4,172,058)	(16,580,724)	(3,754,926)	(13,576,269)
Net interest income	5,220,529	18,879,974	4,219,858	15,826,304
Fee and commission income	1,800,213	6,367,621	1,669,590	5,911,590
Fee and commission expense	(384,834)	(1,409,116)	(344,409)	(1,228,399)
Net fee and commission income	1,415,379	4,958,505	1,325,181	4,683,191
Gain on foreign currency and investment activities	526,332	2,654,504	958,771	3,566,692
Dividend income	7,727	95,923	6,210	72,883
Insurance premium income	105,604	371,778	102,133	398,754
Other operating income	57,960	180,307	(8,692)	172,234
	697,623	3,302,512	1,058,422	4,210,563
	7,333,531	27,140,991	6,603,461	24,720,058
Operating Expenses				
Staff costs	1,999,295	7,989,772	1,872,159	7,281,304
Provision for credit losses	255,370	1,027,634	161,255	468,287
Depreciation and amortisation	142,943	593,538	176,585	725,936
Impairment losses	-	-	1,229,610	1,229,610
Other operating expenses	1,117,559	4,358,321	1,092,868	4,371,013
	3,515,167	13,969,265	4,532,477	14,076,150
Operating Profit	3,818,364	13,171,726	2,070,984	10,643,908
Share of profits/(losses) of associate	21,230	(38,091)	26,395	164,101
Profit before Taxation	3,839,594	13,133,635	2,097,379	10,808,009
Taxation	(931,584)	(2,885,450)	(153,662)	(2,106,836)
NET PROFIT	2,908,010	10,248,185	1,943,717	8,701,173
Earnings per stock unit (expressed in \$ per share)	\$ 1.18	\$ 4.16	\$ 0.80	\$ 3.54

National Commercial Bank Jamaica Limited

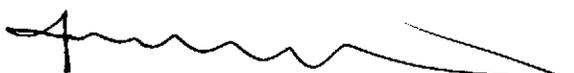
Consolidated Balance Sheet

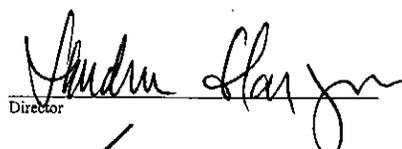
30 September 2009

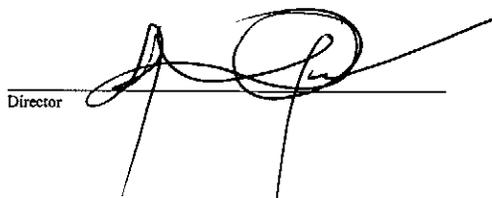
(expressed in Jamaican dollars unless otherwise indicated)

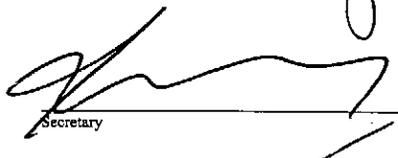
	30 September 2009 \$'000	30 September 2008 \$'000
ASSETS		
Cash and balances at Bank of Jamaica	24,668,011	15,442,828
Due from other banks	14,405,493	15,207,522
Derivative financial instruments	52,191	-
Investment securities at fair value through profit or loss	752,578	916,906
Reverse repurchase agreements	8,185,227	12,578,633
Loans and advances, net of provision for credit losses	88,178,270	82,169,396
Investment securities	166,966,379	153,654,776
Investments in associate	2,133,994	2,181,407
Investment property	13,000	13,000
Intangible asset - computer software	246,781	282,264
Property, plant and equipment	4,011,495	3,830,313
Retirement benefit asset	11,632	13,077
Deferred income tax assets	803,279	1,679,056
Income tax recoverable	1,705,001	1,157,799
Other assets	2,563,163	1,325,792
Customers' liability - letters of credit and undertaking	399,983	700,628
Total Assets	315,096,477	291,153,397
LIABILITIES		
Due to other banks	6,556,209	10,038,502
Customer deposits	130,331,351	126,099,896
Derivative financial instruments	126,848	104,754
Promissory notes and certificates of participation	194,492	4,626
Repurchase agreements	77,374,431	69,619,957
Obligations under securitisation arrangements	27,157,180	26,259,740
Other borrowed funds	7,815,552	5,522,891
Income tax payable	10,803	489,559
Deferred income tax liabilities	213,080	112,006
Policyholders' liabilities	19,114,764	16,533,984
Provision for litigation	28,506	39,000
Retirement benefit obligations	421,641	354,321
Other liabilities	4,335,691	3,960,871
Liability - letters of credit and undertaking	399,983	700,628
Total Liabilities	274,080,531	259,840,735
STOCKHOLDERS' EQUITY		
Share capital	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)
Fair value and other reserves	64,277	(1,556,733)
Loan loss reserve	744,159	697,061
Banking reserve fund	4,362,102	3,663,000
Retained earnings reserve	8,875,761	8,875,761
Retained earnings	20,507,304	13,171,230
Total Stockholders' Equity	41,015,946	31,312,662
Total Equity and Liabilities	315,096,477	291,153,397

Approved for issue by the Board of Directors on 5 November 2009 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Other Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 October 2007	6,465,731	(3,867)	1,595,550	231,235	2,607,000	4,519,761	13,138,616	28,554,026
Currency translation differences	-	-	37,086	-	-	-	-	37,086
Unrealised losses on available-for-sale investments, net of taxes	-	-	(3,079,840)	-	-	-	-	(3,079,840)
Realised fair value gains on sale and maturity of AFS securities	-	-	(355,791)	-	-	-	-	(355,791)
Impairment amount on available-for-sale securities from equity	-	-	235,912	-	-	-	-	235,912
Share of equity movement in associates	-	-	10,350	-	-	-	-	10,350
Net losses not recognised in Consolidated Profit and Loss Account	-	-	(3,152,283)	-	-	-	-	(3,152,283)
Net profit	-	-	-	-	-	-	8,701,173	8,701,173
Dividends paid	-	-	-	-	-	-	(2,806,790)	(2,806,790)
Sale of Treasury Shares	-	479	-	-	-	-	16,057	16,536
Transfer to Loan Loss Reserve	-	-	-	465,826	-	-	(465,826)	-
Transfer to Banking Reserve Fund	-	-	-	-	1,056,000	-	(1,056,000)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	4,356,000	(4,356,000)	-
Balance at 30 September 2008	6,465,731	(3,388)	(1,556,733)	697,061	3,663,000	8,875,761	13,171,230	31,312,662
Currency translation differences	-	-	248,043	-	-	-	-	248,043
Unrealised losses on available-for-sale investments, net of taxes	-	-	1,672,152	-	-	-	-	1,672,152
Realised fair value gains on sale and maturity of AFS securities	-	-	(299,156)	-	-	-	-	(299,156)
Impairment amount on available-for-sale securities from equity	-	-	(29)	-	-	-	-	(29)
Net gains not recognised in Consolidated Profit and Loss Account	-	-	1,621,010	-	-	-	-	1,621,010
Net profit	-	-	-	-	-	-	10,248,185	10,248,185
Dividends paid	-	-	-	-	-	-	(2,165,911)	(2,165,911)
Transfer to Loan Loss Reserve	-	-	-	47,098	-	-	(47,098)	-
Transfer to Banking Reserve Fund	-	-	-	-	699,102	-	(699,102)	-
Balance at 30 September 2009	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946

National Commercial Bank Jamaica Limited

Consolidated Statement of Cash Flows

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	30 September 2009 \$'000	30 September 2008 \$'000
Cash Flows from Operating Activities		
Net cash provided by operating activities	23,752,838	8,801,336
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(767,109)	(629,698)
Acquisition of intangible asset – computer software	(72,088)	(173,381)
Proceeds from disposal of property, plant and equipment	219,545	34,178
Dividends received from associate	9,322	27,965
Purchase of investment securities	(277,637,822)	(172,582,773)
Sales/maturities of investment securities	255,788,639	159,516,812
Net cash used in investing activities	(22,459,513)	(13,806,897)
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(4,830,126)	(964,907)
Repayments of other borrowed funds	(2,133,077)	(575,288)
Proceeds from other borrowed funds	4,105,446	948,022
Dividends paid	(2,165,911)	(2,806,790)
Net cash used in financing activities	(5,023,668)	(3,398,963)
Effect of exchange rate changes on cash and cash equivalents	3,334,274	(118,861)
Net decrease in cash and cash equivalents	(396,069)	(8,523,385)
Cash and cash equivalents at beginning of year	18,990,303	27,513,688
Cash and Cash Equivalents at End of Year	18,594,234	18,990,303
Comprising:		
Cash and balances at Bank of Jamaica	8,486,363	3,717,889
Due from other banks	14,405,493	15,207,522
Investment securities	2,258,587	10,103,394
Due to other banks	(6,556,209)	(10,038,502)
	18,594,234	18,990,303

National Commercial Bank Jamaica Limited

Segment Report

Year ended 30 September 2009

	Banking			Wealth Management	Insurance	Other	Eliminations	Consolidated
	Retail	Corporate	Treasury					
	\$'000	\$'000	\$'000					
External revenue	12,777,742	6,019,104	12,390,525	9,773,403	4,013,328	156,729	-	45,130,831
Revenue from other segments	7,847,350	1,994	2,647,489	159,037	480,143	33,713	(11,169,726)	-
Total revenue	20,625,092	6,021,098	15,038,014	9,932,440	4,493,471	190,442	(11,169,726)	45,130,831
Segment result	3,431,230	2,473,309	3,799,487	2,486,490	1,821,331	61,265	(284,005)	13,789,107
Unallocated corporate expenses								(617,381)
Operating profit								13,171,726
Share of loss of associate								(38,091)
Profit before tax								13,133,635
Taxation expense								(2,885,450)
Net profit								10,248,185
Segment assets	126,127,233	53,645,299	136,131,956	75,315,854	22,907,269	415,536	(105,713,209)	308,829,938
Associate								2,133,994
Unallocated assets								4,132,545
Total assets								315,096,477
Segment liabilities	113,290,509	46,658,771	129,447,521	66,967,509	19,267,146	68,720	(103,716,032)	271,984,144
Unallocated liabilities								2,096,387
Total liabilities								274,080,531
Capital expenditure	702,600	18,425	1,450	46,137	56,864	13,720		839,196
Depreciation and amortisation	470,351	13,521	8,658	35,884	58,974	6,150	-	593,538

National Commercial Bank Jamaica Limited

Segment Report

Year ended 30 September 2008

	Banking			Wealth Management	Insurance	Other	Eliminations	Consolidated
	Retail	Corporate	Treasury					
	\$'000	\$'000	\$'000					
External revenue	11,046,344	4,609,532	13,179,765	7,778,592	2,795,834	114,659		39,524,726
Revenue from other segments	7,013,474	-	1,450,661	64,139	183,939	21,113	(8,733,326)	-
Total revenue	18,059,818	4,609,532	14,630,426	7,842,731	2,979,773	135,772	(8,733,326)	39,524,726
Segment result	3,468,587	2,057,044	4,321,789	855,179	765,692	45,059	157,489	11,670,839
Unallocated corporate expenses								(1,026,931)
Operating profit								10,643,908
Share of profit in associate								164,101
Profit before tax								10,808,009
Taxation expense								(2,106,836)
Net profit								8,701,173
Segment assets	121,020,293	49,353,023	136,915,964	65,439,706	18,766,642	396,401	(106,772,495)	285,119,534
Associate								2,181,407
Unallocated assets								3,852,456
Total assets								291,153,397
Segment liabilities	112,185,742	43,926,940	130,957,720	58,769,476	16,664,357	84,855	(104,113,040)	258,476,050
Unallocated liabilities								1,364,685
Total liabilities								259,840,735
Impairment loss	-	-	-	1,229,610	-	-	-	1,229,610
Capital expenditure	540,450	9,666	5,205	61,201	170,265	16,292	-	803,079
Depreciation and amortisation	573,864	14,199	10,404	48,188	71,765	7,516	-	725,936

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited (“the Bank”) is incorporated in Jamaica and licensed under the Banking Act, 1992. The Bank is a 57.09% (2008: 61.85%) subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Honorable Michael Lee-Chin, O.J. 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, which together with the Bank are referred to as “the Group”, are as follows:

	Principal Activities	Percentage Ownership by Group	
		30 September 2009	30 September 2008
Data-Cap Processing Limited	Security Services	100	100
Mutual Security Insurance Brokers Limited	Insurance Brokerage Services	100	100
NCB Capital Markets Limited	Primary Dealer and Stock Brokerage Services	100	100
NCB (Cayman) Limited	Commercial Banking	100	100
NCB Remittance Services (Cayman) Limited	Money Remittance Services	100	100
NCB Capital Markets (Cayman) Limited	Securities Dealer	100	100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services	100	100
N.C.B. (Investments) Limited	Money Market Trading	100	100
N.C.B. Jamaica (Nominees) Limited	Registrar Services	100	100
NCB Remittance Services (Jamaica) Limited	Money Remittance Services	100	100
NCB Remittance Services (UK) Limited	Money Remittance Services	100	100
West Indies Trust Company Limited	Trust and Estate Management Services	100	100

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Remittance Services (Cayman) Limited and NCB Capital Markets (Cayman) Limited, which are incorporated in the Cayman Islands, and NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom.

The Group’s associates are as follows:

	Principal Activities	Percentage ownership by Group	
		30 September 2009	30 September 2008
Kingston Wharves Limited	Wharf Operations and Stevedoring	43.45	43.45
Dyoll Group Limited	Coffee cultivation and other activities	44.47	44.47

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 September 2009

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated 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.

Where necessary, comparative figures for 30 September 2008 have been reclassified to conform with changes in presentation in the current period.

All amounts are stated in Jamaican dollars unless otherwise indicated.

3. Cash and balances at Bank of Jamaica

	THE GROUP	
	2009	2008
Cash in hand and at bank	2,474,885	2,635,911
Balances with the Bank of Jamaica other than statutory reserves	6,011,478	1,081,978
Included in cash and cash equivalents	8,486,363	3,717,889
Statutory reserves with the Bank of Jamaica - interest-bearing	5,567,639	4,819,272
Statutory reserves with the Bank of Jamaica - non-interest-bearing	10,613,846	6,908,638
	24,667,848	15,445,799
Interest Receivable	163	29
	24,668,011	15,445,828

4. Loans and Advances

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any origination fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

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. The provision for credit losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and the current economic climate in which the borrowers operate.

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

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 September 2009

4. Loans and Advances (Continued)

The provision for credit losses determined under Bank of Jamaica regulatory requirements is as follows:

	THE GROUP	
	2009 \$'000	2008 \$'000
Specific provision	2,620,046	2,182,574
General provision	825,967	810,160
Provision required by Bank of Jamaica	3,446,013	2,992,734
Provision required by IFRS	2,706,554	2,295,673
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve	744,159	697,061

5. Investment Securities

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

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

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in 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.

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

In October 2008 the International Accounting Standards Board (IASB) issued amendments to IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures) specifically in relation to the reclassification of financial assets. These amendments permitted an entity to retrospectively reclassify certain financial assets in specific circumstances. Effective 1 October 2008, the group reclassified certain investment securities from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification have been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market. The company has the intention and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity. No such reclassifications were made in the previous financial year.

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 September 2009

5. Investment Securities (Continued)

The reclassified investments are measured at amortised cost, using the fair value at the date of reclassification. The unrealized gains or losses in equity prior to reclassification will be amortised over the remaining life of the instruments using the effective interest method.

6. Share Capital

	THE GROUP	
	2009 \$'000	2008 \$'000
Authorised:		
5,750,000,000 ordinary shares		
Issued and Fully Paid Up:-		
2,466,762,828 ordinary stock units	6,465,731	6,465,731
5,293,916 (2008 - 6,042,916) ordinary stock units held by NCB Employee Share Scheme	(3,388)	(3,388)
Issued and outstanding	<u>6,462,343</u>	<u>6,462,343</u>

7. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At 30 September 2009, the Group had financial assets under administration of approximately \$42,600,000,000 (30 September 2008 - \$39,500,000,000).

8. Acceptances, Guarantees, Indemnities and Letters of Credit

At 30 September 2009, the Group has made commitments for off-balance sheet financial instruments (acceptances, guarantees, indemnities and letters of credit) amounting to \$3,668,532,000 (30 September 2008 - \$4,214,990,000). There is an equal and offsetting claim against customers in the event of a call on these commitments.