National Commercial Bank Jamaica Limited 2008

Annual Report

BUILDING A BETTER JAMAICA

WHAT'S INSIDE

Our Vision: To make NCB, financially and operationally, the strongest and most dominant financial institution in the Caribbean and one that follows international best in class governance practices. **Our Values:** We hold a deep and abiding respect for each customer, every colleague in our companies, and all our shareholders. We commit to find new, practical and innovative ways to make the term "excellent service" more relevant to each customer - every day. We commit to the relentless renewal of our enterprise through the constant training of our people at all levels. In our merit-based culture, individual reward and recognition will be a result of measured performance. We treat all competitors as noble, but we will compete fairly and vigorously to win. **Our Brand Identity:** National Commercial Bank Jamaica Limited is a leading Jamaican conglomerate committed to creating financial prosperity, while instilling social consciousness through its nation building activities. Through relationships with our employees, customers, shareholders, suppliers, regulators and the wider public, we are focused on sustaining our strength and helping to build a better Jamaica.

Our Brand Pillars

Innovation
At NCB, we are constantly finding financial solutions to meet the changing needs of our customers. We also drive innovation in our operations by using technology as a key enabler of greater efficiency.

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of National Commercial Bank Jamaica Limited will be held at the Hilton Kingston Hotel, 77 Knutsford Boulevard, Kingston 5 in the parish of Saint Andrew on **Thursday, February 26, 2009 at 3:00 p.m.** to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. **Audited Accounts**

   "THAT the Audited Accounts for the year ended September 30, 2008 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **Election of Directors**

   (a) **Article 97** of the Company's Articles of Association provides that one-third of the Board (except the Managing Director and Deputy Managing Director) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are **Mr. Wayne Christopher Chen, Mr. Donovan Anthony Lewis** and **Mrs. Sandra Alecia Carol Glasgow** and being eligible, offer themselves for re-election.

   The proposed resolutions are therefore as follows:

   (i) **"THAT** Director, **MR. WAYNE CHRISTOPHER CHEN** retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

   (ii) **"THAT** Director, **MR. DONOVAN ANTHONY LEWIS**, retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

   (iii) **"THAT** Director, **MRS. SANDRA ALECIA CAROL GLASGOW,** retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

   (b) **MR. ROBERT WILFRED ALMEIDA** was appointed a Director of the Company on April 24, 2008. **Under Article 103** of the Company's Articles of Association, his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

   The proposed resolution is therefore as follows:

   "THAT Director, **MR. ROBERT WILFRED ALMEIDA,** retiring pursuant to Article 103 of the Articles of Association be and is hereby re-elected."

3. **Directors' Remuneration**

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

   (b) **"THAT** the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2009, BE AND IS HEREBY fixed at $19,479,375, which remuneration may include such share incentive scheme for directors, as may be determined by the Board.

4. **Appointment of Auditors and their Remuneration**

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

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

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

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

DATED this 9th day of **OCTOBER 2008**

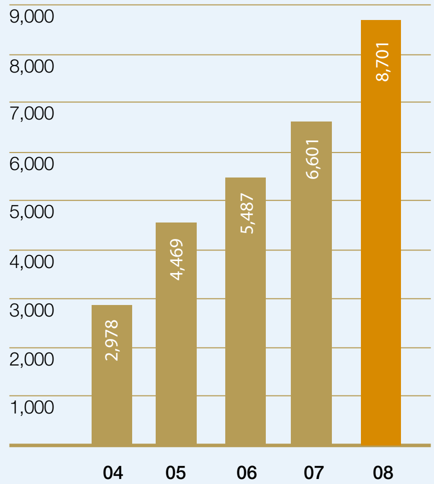
BY ORDER OF THE BOARD

Jennifer Dewdney Kelly (Mrs.)
COMPANY SECRETARY

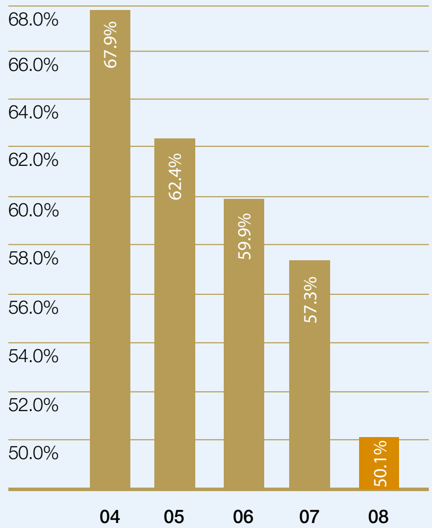
PERFORMANCE HIGHLIGHTS

32% Increase in net profit to
JA$ 8.7b

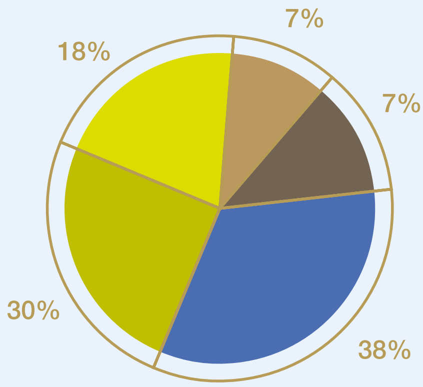
Net Profit ($M)



Cost to Income Ratio (%)



Business Segment Contribution to Operating Profits ($'M)



38%
Treasury **4,322m**

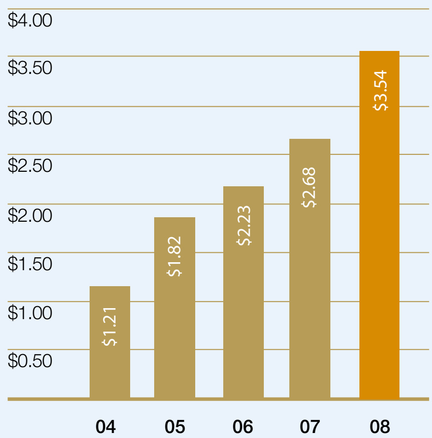
7%
Wealth Management **855m**

30%
Retail **3,469m**

7%
Insurance **766m**

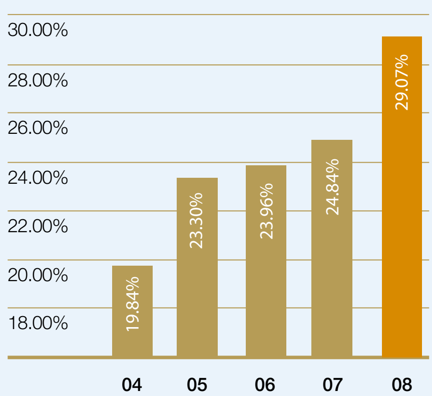
18%
Corporate **2,057m**

Earnings Per Share ($)

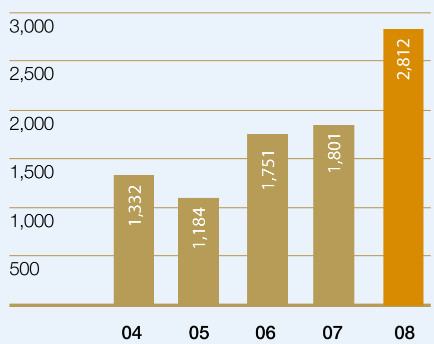


Total dividends paid
JA$ 2.8b

Return on Equity (%)



Dividends ($'M)



THE GROUP AT A GLANCE

AWARDS

The Banker Awards
Bank of the Year 2008

Best Foreign Exchange Provider Award • 2008
Global Finance
Best Foreign Exchange Provider
Jamaica (2008)

Jamaica Exporters' Association
Best Exporter Support Services - Financial Services Category (07/08)

Jamaica Stock Exchange
Best Practices - Corporate Disclosure and Investor Relations Award (07/08)

Governor General Award for Exellence (07/08)

JEF
Private Sector Corporate Social Responsibility Award (07/08)

KEY NUMBERS
as at September 30, 2008

48
Branches islandwide

166
Total number of **ABMs**

36
Offices of NCB Insurance Co. Ltd. islandwide

24
Offices of NCB Capital Markets Ltd. islandwide

87
NCB Institute of Leadership and Organizational Development (ILOD) Graduates

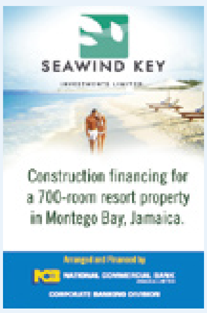
BUSINESS HIGHLIGHTS

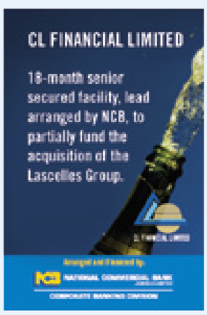
First Bank to Launch an Online Loan Application web portal (www.jncb.com)

First Bank to introduce Utility Bill Payment option at ABMs (JPSCo and NWC)

NCB Nation Builder Awards
Launch of the SME NBA Awards highlighting entrepreneurial excellence and strong community involvement by local businesses.

CORPORATE BANKING DEALS





KEY NUMBERS

as at September 30. 2008

JA$291.2b
Total Assets

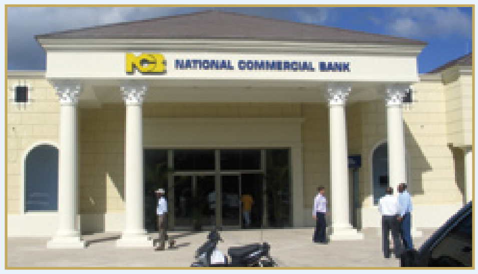
JA$126.1b
Customer Deposits

JA$16.5b
Policy Holders' Liabilities at NCB Insurance Co. Ltd.

JA$55.1b
Funds Under Management at NCB Capital Markets Ltd.

JA$115m
Funds committed to Projects and Scholarships by the NCB Foundation across the island

TWO NEW BRANCHES



MANDEVILLE
6 Perth Road, Manchester

PORT ANTONIO
Gideon Avenue, Port Antonio, Portland

Leadership Development First Cohort of NCB Institute of Leadership and Organizational Development (ILOD) Graduates - Silver Category

FINANCIAL STATISTICAL REVIEW

PROFIT & LOSS SUMMARY

	2008 (J$'000)	2007 (J$'000)	2006 (J$'000)
Net Profit	8,701,173	6,601,426	5,486,625
Gross Operating Income	39,524,726	33,752,955	30,004,702
Net Interest Income	15,826,304	12,796,777	11,778,136
Other Operating Income	8,893,754	7,754,802	6,198,817
Total Operating Income	24,720,058	20,551,579	17,976,953
Operating Expenses	14,076,150	12,128,301	11,164,384
Staff Costs	7,281,304	6,987,550	5,955,835
Provisions for Credit Losses	468,287	277,603	155,786
Depreciation & Amortisation Expenses	725,936	889,246	1,028,085

BALANCE SHEET SUMMARY

	2008 (J$'000)	2007 (J$'000)	2006 (J$'000)
Total Assets	291,153,397	254,183,354	223,138,804
Net Loans	82,169,396	56,525,564	42,219,840
Investment Securities	154,571,682	142,955,539	123,765,437
Customer Deposits	126,099,896	118,518,051	99,026,503
Repurchase Agreements	69,619,957	51,305,167	50,344,707
Securitisation Arrangements	26,259,740	26,409,833	21,398,964
Net Worth	31,312,662	28,554,026	24,589,987

PROFITABILITY RATIOS

	2008	2007	2006
Return on Average Equity	29.07%	24.84%	23.96%
Return On Average Total Assets	3.19%	2.77%	2.65%
Non-Interest Income to Operating Income	35.98%	37.73%	34.48%
Effective Tax Rate	19.49%	23.18%	20.83%
Cost to Income Ratio	50.07%	57.27%	59.88%

2005 (J$'000)	2004 (J$'000)	2003 (J$'000)	2002 (J$'000)	2001 (J$'000)	2000 (J$'000)
4,468,542	2,978,045	2,830,499	1,478,407	369,914	1,514,946
27,460,769	25,175,497	22,138,992	14,264,469	14,039,817	15,298,298
10,713,444	9,603,098	6,757,882	4,282,614	4,492,754	5,544,421
5,815,035	3,344,801	4,271,679	2,349,312	1,672,925	1,998,121
16,528,479	12,947,899	11,012,147	6,631,926	6,165,679	7,542,542
10,522,418	9,155,015	7,548,897	4,920,249	5,686,071	5,937,963
5,664,701	4,639,585	4,212,281	2,928,332	2,552,278	2,223,799
(28,071)	367,869	189,147	(172,499)	(726,121)	1,389,562
1,071,135	976,029	494,910	290,997	404,470	292,520

2005 (J$'000)	2004 (J$'000)	2003 (J$'000)	2002 (J$'000)	2001 (J$'000)	2000 (J$'000)
190,341,294	174,852,385	145,883,165	115,220,390	105,770,654	94,835,223
36,064,342	34,007,614	26,400,147	15,282,721	8,639,839	7,249,634
94,960,438	78,219,804	80,444,730	67,293,256	65,268,554	58,289,832
85,067,749	79,861,826	69,688,968	63,365,179	58,351,974	51,638,190
49,407,220	37,496,253	29,624,741	11,897,440	11,227,707	8,313,809
10,798,517	9,427,736	4,576,979	4,848,691	4,105,026	0
21,213,463	17,145,003	12,871,832	11,971,477	10,889,979	9,301,508

2005	2004	2003	2002	2001	2000
23.30%	19.84%	22.79%	12.93%	3.66%	17.77%
2.45%	1.86%	2.17%	1.34%	0.37%	2.97%
35.18%	25.83%	38.79%	35.42%	27.13%	26.49%
23.45%	16.67%	19.02%	9.94%	8.42%	2.22%
62.40%	67.87%	66.83%	76.79%	104.00%	60.30%

FINANCIAL STATISTICAL REVIEW

PER COMMON SHARE RATIOS

	2008	2007	2006
Earnings per Share	$3.54	$2.68	$2.23
Dividends Paid per Share	$1.14	0.73	0.71
Book Value per Share	$12.72	11.60	9.99

CAPITAL RATIOS

	2008	2007	2006
Risk Based Capital Adequacy Ratio (Bank only) *	13.02%	14.51%	17.28%
Net Worth to Total Assets	10.76%	11.23%	11.02%

ASSET QUALITY RATIOS

	2008	2007	2006
Non-Performing Loans to Gross Loans	2.34%	2.56%	3.66%
Non-Performing Loans to Net Worth	6.25%	5.17%	6.51%
Provision Coverage	152.88%	150.99%	144.72%

BALANCE SHEET RATIOS

	2008	2007	2006
Net Loans to Total Assets	28.22%	22.24%	18.92%
Investment Securities to Total Assets	53.09%	56.24%	55.47%
Net Fixed Assets to Total Assets	1.41%	1.60%	1.89%
Net Loans to Customer Deposit Ratio	65.16%	47.69%	42.63%
Net Loans to Borrowed Funds	73.73%	64.38%	50.49%
Liquid Assets to Total Deposits	37.56%	32.72%	42.35%

OTHER STATISTICS

	2008	2007	2006
Share Price at Year End (JSE)	J$ 20.00	J$ 22.40	J$ 18.21
Share Price at Year End (TTSE)	TT$ 1.85	TT$1.95	TT$1.65
Price Earnings Ratio	5.66	8.35	8.17
Dividends Paid** (J$'000)	2,812,110	1,800,737	1,751,402
Dividend Yield	5.70%	3.26%	3.91%
Dividend Payout Ratio	32.24%	27.21%	31.84%
JSE Index at Year End	102,018.87	96,299.80	86,195.99

*This ratio represents the Bank's capital base to risk adjusted assets as prescribed by the Bank of Jamaica regulations. Risk weights are assigned to both on and off balance sheet items in determining the risk adjusted assets. The capital base is determined using Tier I capital (which consists of permanent statutory capital) and Tier II capital (which primarily consists of the general provision), and adjusted for prescribed deductions. Under these regulations, the overall minimum capital to be maintained in relation to risk assets is 10%.

** Represents gross dividends including payments made to the NCB Employee Share Scheme.

2005	2004	2003	2002	2001	2000
$1.82	$1.21	$1.15	$0.60	$0.15	$0.77
0.48	0.54	0.51	0.16	0.00	0.00
8.62	6.97	5.23	4.87	5.52	1.63

2005	2004	2003	2002	2001	2000
19.08%	15.77%	16.70%	29.64%	41.28%	45.22%
11.14%	9.81%	8.82%	10.39%	10.30%	9.81%

2005	2004	2003	2002	2001	2000
4.24%	4.08%	5.26%	8.84%	17.00%	24.53%
7.58%	8.61%	11.68%	12.75%	17.63%	28.10%
135.42%	154.27%	148.77%	134.74%	138.45%	130.24%

2005	2004	2003	2002	2001	2000
18.95%	19.45%	18.10%	13.26%	8.17%	7.64%
49.89%	44.73%	55 .14%	58.40%	61.71%	61.46%
2.30%	2.53%	2.69%	2.14%	1.43%	1.95%
42.39%	42.58%	37.88%	24.12%	14.81%	14.04%
51.00%	52.68%	51.06%	74.45%	49.93%	62.01%
37.94%	38.02%	27.56%	22.82%	40.14%	50.79%

2005	2004	2003	2002	2001	2000
J$ 18.00	J$ 25.20	J$ 13.30	J$ 5.70	J$ 4.90	J$ 3.00
TT$1.90	TT$2.50				
9.91	20.82	11.56	9.49	32.67	3.90
1,184,046	1,332,052	1,258,049	340,413	0	0
2.67%	2.15%	3.84%	2.81%	0.00%	0.00%
26.50%	44.73%	44.45%	23.03%	0.00%	0.00%
103,332.61	99,819.82	57,769.14	39,219.55	33,892.44	31,152.73

MACROECONOMIC OVERVIEW

Reflecting several adverse developments in both the local and international environment, most economic variables pointed to a weaker economy and subdued bond and equity markets during the 2008 Financial Year. Local economic activity was flat as lingering effects of Hurricane Dean, in addition to the passage of Tropical Storm Gustav in August 2008, resulted in a contraction in the Agricultural sector. Sharp increases in international commodity prices also added to domestic challenges as domestic inflation accelerated at its fastest pace in years. Further, rising consumer prices translated into an increase in inflation expectations and higher market interest rates as investors demanded higher returns on local currency-denominated fixed income investments. In the international market, the sub-prime mortgage crisis in the United States of America and the resulting global credit crunch translated into subdued bond markets. Further, while improved liquidity from the Lascelles/Angostura deal provided a fillip to market activity in the first half of the year, rising domestic interest rates contributed to a lacklustre performance from local equities in the second half of the year.

Growth

Although the local economy grew by 1.2% in the 2007 Calendar Year, the downside risks to growth heightened in the first quarter of the Group's financial year. Early signs of weaker growth were evident with the continued poor performance of the Agricultural sector as lingering effects of Hurricane Dean, coupled with adverse weather in the December quarter, resulted in a contraction in the sector. Despite moderate growth in the services sector, GDP growth followed a see-saw pattern for the remainder of the financial year, registering marginal growth of just 0.2% at its peak in the March quarter. In light of slower growth in the economies of the country's major trading partners, as well as further damage to the agricultural sector, data showed that the economy remained weak in the final quarter of the financial year.

Inflation

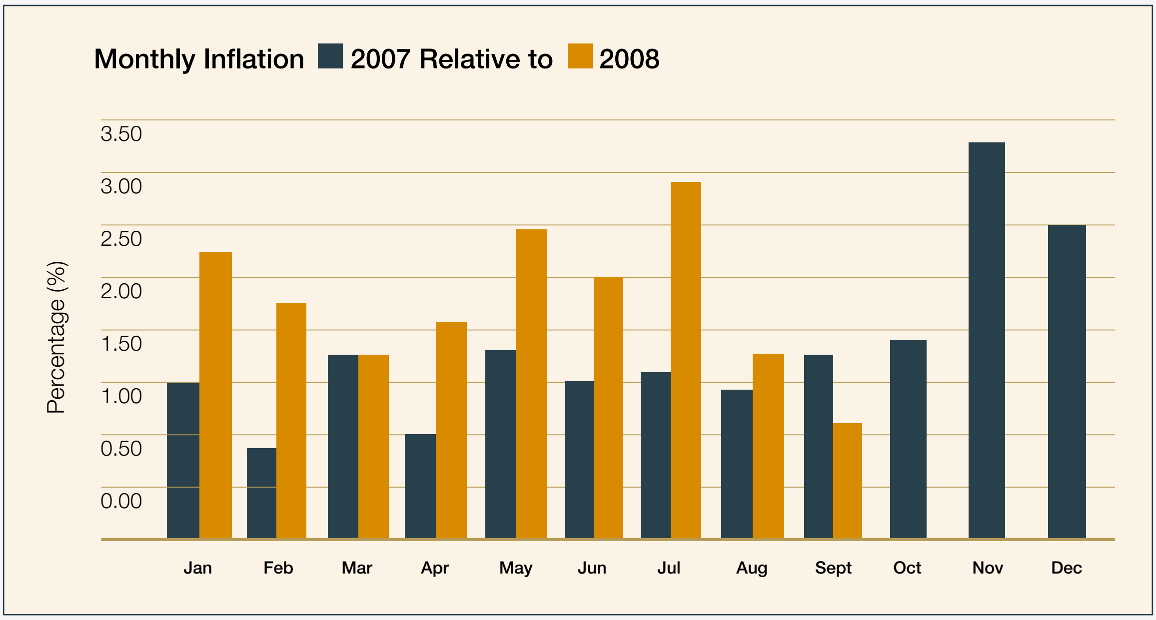
Against the background of the spike in the cost of imported commodities and the contraction in local agricultural production, inflation accelerated during the year. Consumer prices rose from an annual rate of 16.8% in the year to December 2007, to 25.3% for the year to September 2008. Notably, the 'Food & Non-Alcoholic Beverages' as well as the 'Housing, Water, Electricity, Gas & Other Fuels' categories (both driven by commodity prices) rose by 34.3% and 30.7%, respectively in the 12 months to September 2008. Transportation costs also rose sharply due to upward adjustments to bus and taxi fares in June 2008.

Interest Rates

In an effort to anchor inflation expectations and maintain investor preference for the local currency, the Bank of Jamaica (BOJ) increased interest rates on the entire spectrum of its open market instruments three times during the financial year. The total rate increase ranged from 235 basis points (2.35%) on the shortest maturity to 270 basis points (2.7%) on instruments at the longer end of the curve. The adjustments pushed interest rates to levels not seen since 2004. The Central Bank also re-introduced its one-year Certificate of Deposit. Having declined in the first quarter, market interest rates began to trend higher in the March quarter, as the high level of inflation resulted in negative real returns and investors demanded higher returns on their investments. At the close of the financial year, the average yield on the 90 days and 180 days instruments were 14.81% and 15.35%, respectively; these were above rates on BOJ instruments of similar maturities.

Foreign Exchange Market

The local currency weakened during the financial year as higher prices for imported commodities contributed to an increase in the demand for hard currency. However, the Central Bank employed a three-pronged strategy throughout the year to address the temporary supply shortfalls and maintain relative market stability.



In addition to augmenting supply levels through the sale of US currency to the market, interest rate increases and several attractive instruments from the BOJ restricted the rate of depreciation to just 3.20% for the year to September 2008. This was well below the pace of depreciation seen in previous years. Supply levels were also boosted by hard currency inflows from the Lascelles/Angostura transaction during the months of February and July. Despite frequent sales of hard currency to the market, the Net International Reserves (NIR) closed the financial year at US$2.3b, US$337.37m above the critical levels seen at the start of the financial year.

Fiscal

For the 2007/08 fiscal year, central government's operations resulted in a deficit of $42.24b. This represented 4.7% of GDP and outperformed the revised projection of 5.5%. The outturn reflected revenue uptake that exceeded the budgeted amount by $2b as well as significant expenditure cuts.

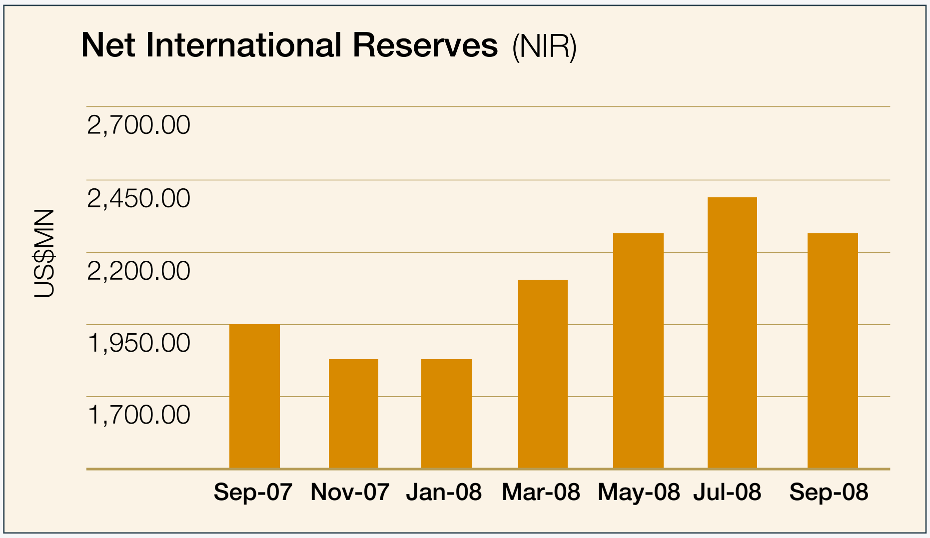
The government is targeting a deficit of 4.5% of GDP for the 2008/09 fiscal year. This is to be achieved on the basis of faster pace of growth in the local economy, increased revenues and a reduction in interest costs on debt financing. For the fiscal year to August 2008, the deficit stood at $19.14b or $6.01b below budget due primarily to the government's tax amnesty programme which led to buoyant revenue flows. Total expenditure also trailed initial projections. That said, achieving the 4.5% target has become more difficult in light of several adverse developments. The slowdown in local economic activity is threatening to undermine revenue generating efforts and significant infrastructural damage caused by adverse weather could put pressure on expenditure.

Further, the current tightness in the international credit markets and the sharp rise in risk aversion may affect the government's ability to access funding on the international capital markets.

Outlook

The risks to the macroeconomic outlook have heightened particularly in the short term. While the downtrend in commodity prices augurs well for further moderation in inflation, the crisis in the financial market and the prospects for a weaker global economy are expected to dampen domestic output given the negative implications for tourism and remittance inflows. Rating agency Standard & Poor's has recently re-affirmed the country's 'B' credit rating on the country's long term foreign currency debt but has revised its outlook to negative from stable because of the nation's vulnerability to deteriorating global economic conditions. Headwinds in the domestic and global macroeconomic economy also pose challenges to the fiscal targets due to the likely negative implications for revenue receipts and debt raising efforts. However, the government remains committed to fiscal discipline and the local economy has demonstrated resilience in its ability to withstand external shocks. In the foreign exchange market while demand pressures are expected to continue in the near term, the BOJ has shown its commitment to maintaining broad market stability, through the sale of hard currency and other timely policy responses.

Research Unit NCB Capital Markets Ltd. (Oct. 2008)
Sources: websites of Statistical Institute of Jamaica, Planning Institute of Jamaica and Bank of Jamaica.



Chairman Hon. Michael Lee-Chin OJ with some of the 2008 N.C.B. Foundation Scholarship recipients - (l-r) Bertram Fearon, Tameka Morgan, Tamara McKayle, Kimone Phipps and Abka Fitz-Henley

MY FELLOW SHAREHOLDERS,

One of my favorite quotes is by a former US President, Calvin Coolidge who said "Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent." I think about these words when I consider the performance of our Bank over the past six years. The persistence and determination to sustain NCB's preeminent place in the Jamaican financial sector have been the core focus of our directors and employees. I am proud of the accomplishments to date and thank each and every one for his/her contribution to this year's growth in profits of over 30%.

The last twelve months were particularly challenging given developments that unfolded in the local and international environments. As a Board, we considered the implications of relatively flat economic activity and the subdued financial market here in Jamaica, along with the troubling signs of the financial sector fallout in North America. Despite these challenges, we made good progress with our focus on tighter cost management coupled with the pursuit of additional revenue opportunities.

I reflect proudly on certain defining moments during the 2008 Financial Year. These included the graduation of the first cohort of NCB employees from our Bank's Institute of Leadership and Organizational Development (ILOD). These individuals are better poised to assume positions of leadership at different levels within the organization going forward. We firmly believe that the investment in Employee Expertise is one that will redound to the longstanding benefit and sustainability of NCB. Our current progress towards the establishment of a corporate learning campus with the requisite tertiary accreditation is further demonstration of this belief.

As an entrepreneur myself, I identify easily with the passion required to build a successful business, attendant with both difficulties and triumphs along the way. I have always said, what business people do is simple, but it isn't easy. I was therefore very pleased to be a part of the inaugural NCB Nation Builder Awards that were launched during the year. This initiative recognises and celebrates the success of small and medium-sized businesses and also highlights their contribution to nation building. This, I believe, fits neatly with the social philosophy of NCB, which is to encourage individuals and businesses, through our example, to not only do well, but to do good.

The N.C.B. Foundation worked hard to do good this year and I am proud to acknowledge its work as it expanded the reach of our Bank's corporate social responsibilities. It was a rewarding experience to interact with our young N.C.B. Foundation scholarship recipients. Their hard work and determination to succeed despite challenging circumstances enabled them to receive a helping hand from our Bank, so that their future can now be filled with hope. Our Bank takes seriously its responsibility as a leading corporate citizen and our investment in the N.C.B. Foundation which funds programs for our youth, continues to tangibly define this commitment.

The year ahead will not be without new challenges, but I am confident that we have the innovation, expertise and strength needed to succeed. We remain equal to the task of exercising good corporate governance, observing sound and ethical business practices and continuously strengthening our operations to become a truly world-class financial institution.

Thank you for your support and thank you for helping NCB to build a better Jamaica.

Hon. Michael Lee-Chin OJ
Chairman

BOARD OF DIRECTORS

Hon. Michael **LEE-CHIN**, OJ, Hon. LL.D., B.Sc.
Chairman
Mr. Lee-Chin is the Chairman and Chief Executive Officer of AIC Global Holdings Inc., owners of AIC Limited, one of Canada's largest privately owned mutual fund management companies. He has received several prestigious awards in the areas of business and community service, including the 2004 International Humanitarian Award from the American Friends of Jamaica. He has received honorary Doctor of Laws degrees from McMaster University, the University of Toronto, the Wilfrid Laurier University School of Business & Economics, Waterloo, Canada, the Northern Caribbean University, Mandeville, Jamaica and the University of the West indies.

Patrick **HYLTON**, A.C.I.B., B.B.A. CD
Group Managing Director
Patrick Hylton was appointed a leading role by the Government in the rehabilitation of the Jamaican financial sector during the mid 1990s. In 2002 he joined NCB as the Deputy Group Managing Director and on December 1, 2004 was appointed the Group Managing Director. Since then he has led the organization to achieve record growth in profitability. He is the President of the Jamaica Bankers Association, Chairman of Harmonisation Limited and a Director on several boards including the Caribbean Information and Credit Rating Services (CariCRIS).

Robert ALMEIDA
Mr. Almeida is the Executive Director of AIC Global Holdings Inc. He is a Chartered Accountant and has over 20 years of experience as an investor and a business professional, having worked in Canada, the USA and the Caribbean. He served as an executive at Loblaw Companies Limited, Canada's largest retailer, where he was responsible for strategy and development, leading Loblaw's successful entry into financial services.

Wayne CHEN LL.B.
Mr. Chen is the Chief Executive Officer of Super Plus Food Stores. He chairs the Advisory Boards of the National Land Agency (NLA), The Caribbean Policy Research Institute (CaPRI), as well as the Board of the National Gallery of Jamaica. He is also Chairman of the CVM Television Group and the Urban Development Corporation, and First Vice President of the Jamaica Employers' Federation.

Nigel CLARKE B.Sc., M.Sc., D. Phil.
Dr. Clarke is Chief Operating Officer of the Musson Group and a Director of Seprod and Facey Commodity Limited. He has written various publications and has received several awards, including the Rhodes Scholarship and the Commonwealth Scholarship.

Dennis COHEN F.C.A., F.C.C.A.,B.Sc.
Deputy Group Managing Director
Mr. Cohen joined NCB in 2004 as Group Chief Financial Officer after a decade of experience gained at Citibank N.A. Jamaica, including serving as Country Treasurer for the local branch and its affiliates. He also served as head of Citibank's Relationship Management Group. A Chartered Accountant by profession, Mr. Cohen was also previously employed to PricewaterhouseCoopers as a Senior Accountant. He was appointed Deputy Group Managing Director of NCB on April 1, 2006.

Sandra GLASGOW B.Sc., M.B.A.
Mrs. Glasgow is the Chief Executive Officer of the Private Sector Organisation of Jamaica (PSOJ). She is the Deputy Charman of the National Export-Import Bank of Jamaica (EX-IM) and is a member of the Board of Directors of the Grace Kennedy Foundation, the Planning Institute of Jamaica, the National Crime Prevention Fund, the Ad Council Jamaica and the Jamaica Productivity Centre. She is also a member of the Local Review Committee (LRC) for the Canadian Cooperation Fund and has been certified as a Director by the Commonwealth Association for Corporate Governance.

Hon. Noel HYLTON OJ., Hon LL.D., CD, J.P.
Mr. Hylton is the Chairman and President / Chief Executive Officer of The Port Authority of Jamaica. He is the recipient of national awards for service to the growth and development of the shipping industry. He has also served for 10 years in various administrative posts with the Eastern Regional Government of Nigeria. Mr. Hylton serves on several boards including the Jamaica Promotions Corporation, the Maritime Authority of Jamaica, Air Jamaica Limited and the Police Service Commission.

Donovan LEWIS
Donovan Lewis is the founder of the Ideal Group of Companies which includes: Ideal Finance Corporation Limited, Ideal Portfolio Services Company Limited, Ideal Betting Company Limited and Donwis Limited. Mr. Lewis is Chairman of the NCB Staff Pension Fund. He is a Director of AIC (Barbados) Limited, United General Insurance Company Limited, Central Finance Corporation Limited and PowerSun Corporation (operators of Golden Seas Beach Resorts).

Thalia LYN B.A.
Mrs. Lyn founded and is presently Chief Executive Officer of the popular Island Grill chain of quick service restaurants. Mrs. Lyn's directorships include Island Catering, Jamaica Macaroni Factory Limited, Port Royal Patties, Jamaica Trade & Invest (formerly JAMPRO) and the Consular Corps of Jamaica. She is a Justice of the Peace and in 2004, was appointed Jamaica's Honourary Consul General to the Kingdom of Thailand.

Professor Alvin G. WINT B.Sc., M.B.A., D.B.A.
Alvin Wint is a Professor of International Business and a Pro Vice Chancellor at the University of the West Indies. He currently serves on the board of directors of Jamaica Producers Group, the Caribbean Policy Research Institute and the Planning Institute of Jamaica. He is a former chairman of the Statistical Institute of Jamaica and former director of the Bank of Jamaica, Jamaica Promotions Corporation and the Jamaica Exporters Association.

CORPORATE GOVERNANCE

The Board of Directors of National Commercial Bank is responsible for the Corporate Governance of the Bank and its subsidiaries (the Group). This statement outlines the main corporate governance policies and practices that have been established by the Board and which were in place throughout the 2008 Financial Year to safeguard the interests of our depositors and shareholders and ensure that confidence in the Group is maintained.

In establishing and reviewing the Group's corporate governance framework, the Board has considered various governance standards, including the Bank of Jamaica's Standard of Best Practice for Effective Corporate Governance of Deposit-Taking Entities, published in July 2008 and the PSOJ Code of Corporate Governance published in 2006. The Board is committed to high standards of governance in order to achieve sustained business growth, enhanced shareholder value and protection of the interests of customers, employees and other stakeholders while promoting a culture of the highest standards of integrity, transparency and accountability.

A key objective of the governance framework is to ensure compliance with applicable legal and regulatory requirements and with best governance practice as set out in the Corporate Governance Charter, approved by the Board on July 27, 2006. The full text of the Charter is available on our website: www.jncb.com

Board of Directors

Role of the Board

The Group conducts a range of business including banking, stock brokerage, securities trading and investment management, life insurance and pensions fund management. In this regard, the Board is required to monitor compliance with the prudential and solvency requirements mandated by the Bank of Jamaica, the Financial Services Commission and the Cayman Islands Monetary Authority (CIMA).

The Board generally meets on a monthly basis to consider matters relevant to the operations and performance of the Group, however, additional meetings are held, as required. The Board regularly meets with senior management to consider matters of strategic importance to the Group.

The Board has adopted a Charter, which sets out the principles for the operation of the Board and delineates the functions of the Board and those of the management. These principles are founded in our tradition of integrity and are consistent with our Core Values. A summary of the key functions of the Board as outlined in the Charter is outlined below:

- Approve the strategic direction and related objectives of the Group
- Approve annual operational plans and budgets
- Monitor executive management performance in the implementation and achievement of strategic and business objectives and financial performance
- Monitor and review the risk management processes, the group's risk profile; establish a strong system of compliance with prudential regulations, standards and other regulatory requirements; review and monitor processes for the maintenance of adequate credit quality
- Appoint and remove the Group Managing Director and the appointment and removal of executives reporting directly to the Group Managing Director
- Approve the Managing Director's and senior executives' performance targets; monitor performance, set remuneration and manage succession plans
- Approve major operating and capital expenditure and credit facilities in excess of the limits delegated to management.

Composition of the Board

As at 30 September 2008, the Board comprised nine non-executive directors and two executive directors, (The Group Managing Director and the Deputy Group Managing Director). The names of the Directors, including details of the qualifications and experience are set out in the Directors' profile section of the 2008 Annual Report. During the year, one Director – The Rt. Hon. Justice Edward Zacca, resigned in December 2007. Mr. Robert Almeida was appointed to the Board on April 24, 2008.

Director independence and conflicts of interest

The names of the Directors deemed independent as at September 30, 2008 are:

Length of continuous service (at the date of this statement)

Dr. Nigel Clarke	8 years 7 months
Sandra A. C. Glasgow	6 years 4 months
Hon. Noel Hylton, OJ	6 years
Thalia Lyn	6 years 4 months
Professor Alvin Wint	6 years 4 months

The Board considers a director to have met the criteria for independence if he or she:

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

Board Committees

In order to provide adequate time for the Board to concentrate on strategy, planning and performance enhancement, the Board has delegated specific duties to Board Committees.

Each Committee has its own Terms of Reference, which has been approved by the Board and which defines the respective committees' roles and responsibilities. Copies of these terms of reference are available on the bank's website, www.jncb.com under "Corporate Governance."

Audit Committee

The Audit Committee met four times during the year. The Committee assists the Board in fulfilling its responsibilities relating to:-

- the integrity of the financial statements and any formal announcements relating to the Group's financial performance;
- overseeing the relationships between the Group and its external auditors;
- the review of the Group's internal controls, including financial controls;
- the effectiveness of the internal audit, compliance and risk management functions;
- the review of the internal and external audit plans and subsequent findings;
- the review of the auditors' report;
- obligations under applicable laws and regulations and
- the review of the effectiveness of the services provided by the external auditors and other related matters.

In accordance with the Bank of Jamaica's Corporate Governance Standard and the requirements of the Jamaica Stock Exchange Listing Agreement that the majority of Committee members should be independent, the Committee comprises only non-executive, independent directors.

Members of the Committee are:
Professor Alvin Wint, Chairman
Dr. Nigel Clarke (resigned February 28, 2008)
Sandra A. C. Glasgow
Hon. Noel Hylton (appointed February 28, 2008)
Donovan Lewis

The Group Managing Director, the Deputy Group Managing Director and the Group Chief Financial Officer are invited to Committee meetings at the discretion of the Committee.

Credit Committee

The Credit Committee met eleven times for the year. The Committee is responsible for the approval of facilities within limits set by the Board and for reviewing and making recommendations to the Board and to the Executive Committee of the Board in respect of facilities over its limit and to the Board in respect of all connected party facilities, irrespective of size (save and except for credit card facilities). The Committee also reviews and reports to the Board on the broad credit portfolio and related issues within the Group. The Committee meets as appropriate and is chaired by a non-executive director.

Members of the Committee are:
Donovan Lewis, Chairman
Patrick Hylton, CD, Group Managing Director
Dennis Cohen, Deputy Group Managing Director
Dr. Nigel Clarke, Independent Director
Sandra A. C. Glasgow, Independent Director
Professor Alvin Wint, Independent Director

Corporate Governance Committee

The Corporate Governance Committee met twice for the year. The Committee facilitates the evaluation of the performance of the Board of Directors; develops and recommends additions and changes to the Board's corporate governance policies and procedures; reviews the organisation and operation of Board Committees; ensures the orientation of new Directors and appropriate training of all Directors; and monitors the Group's operations to ensure adherence to principles of good corporate governance.

Members of the Committee are:
Sandra A. C. Glasgow, Chairperson
Professor Alvin Wint

During the year, the Committee discussed a range of issues relating to the roles, skills, and performance of the Board, its procedures and practices. The Board also approved a Succession Planning Strategy for senior executives.

The Board undertakes on-going review of its own performance, of individual Directors and of Board Committees through a self-assessment exercise. The process is intended to focus attention on the key factors that can contribute to improved board performance; influence the action agenda on what the Board should be addressing and inculcate in the Board a "learning orientation" and a willingness to change behaviour. A summary of the evaluations, including Directors' responses to open-ended questions was provided to Directors in a report prepared by the Chairman of the Corporate Governance Committee.
Overall the Committee found that the Board has a sufficient diversity of skills, experiences and views and that there are no obvious deficiencies in the skill set of the Board. However, recommendations for improvements were agreed by the Board in respect of the work of committees. The Corporate Governance Committee periodically reviews progress on each of the recommendations.

Attendance at Board and Committee meetings

The following table highlights the attendance of Directors at meetings of the Board of Directors and the meetings of Committees to which they have been appointed:

	BOARD 12	AUDIT 4 meetings	CREDIT 11 meetings	CORPORATE GOVERNANCE 2 meetings
Robert Almeida (appointed to the Board April 2008)	5	-	-	-
Wayne Chen	12	-	-	-
Dr. Nigel Clarke*	10	0	5	-
Dennis Cohen	12	-	10	-
Sandra A. C. Glasgow	10	3	6	2
Hon. Noel A. Hylton, OJ**	10	1	-	-
Patrick A. Hylton, CD	11	-	5	-
Hon. Michael Lee-Chin, OJ (Chairman)	10	-	-	-
Donovan Lewis	11	3	9	-
Thalia Lyn	11	-	-	-
Professor Alvin Wint	9	4	9	2
Rt. Hon. Justice Edward Zacca OJ., PC (Resigned from the Board Dec. 2007)	2	-	-	-

*Resigned from Audit Committee on February 28, 2008
**Appointed to Audit Committee on February 28, 2008

Non-executive Director Remuneration

A remuneration policy for non-executive Directors has been approved by the Board to ensure that the Group is able to attract and retain directors of the standard appropriate for the successful guidance of the businesses in the group, and commensurate with that of companies of similar scope and size. The policy provides for the payment of a retainer for directors. The retainer of the Deputy Chair shall be 75% of that received by the Chair. Board members who chair committees shall receive 75% of the retainer received by the Deputy Chair, and Board members, 75% of that received by Committee Chairs. In addition, Board members shall receive a fee for each Board meeting attended and 80% of that fee, shall be payable in respect of each committee meeting attended. Fees are payable quarterly.

Non-executive Directors' fees for the Bank and its significant subsidiaries are reviewed annually by a special committee of the Board comprising directors who do not receive Board fees and the Senior General Manager – Group Human Resources Division. This Committee makes a recommendation on the global sum, and in accordance with Article 82 of the Company's Articles of Association, the recommendation is taken to the Company in its Annual General Meeting for approval.

Board members and key executives, among others, are subject to the provision of the Law and National Commercial Bank Jamaica Limited's ("NCB") Securities Trading Policy in respect of trading in securities of the financial institution. Prohibitions contained in the Securities Trading Policy in respect of trading in NCB Securities, apply to trading in securities of NCB subsidiaries. Prohibitions against insider trading contained in the general law and in the Securities Act apply to affiliated companies in which NCB has a material financial interest. Shareholder approval for share options for non-executive directors is sought in advance from the company in general meeting.

Code of Conduct

Directors, management, and staff are expected to perform their duties for the group in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. The various policies and procedures that are in place to support the Group's philosophy are contained in a Code of Conduct approved by the Board of Directors.

Sandra A. C. Glasgow
Chair, Corporate Governance Committee

OUR STRATEGIC OBJECTIVES

At NCB, we strive for Excellence in everything we do. We use the 5 E's as the guiding objectives.

Enhancing Profitability

Exceeding Customer Expectations

Efficiently running our Operations

Empowering Employees

Engaging in Nation Building

Group Managing Director, Patrick Hylton with NCB employees **Josephine Bennett** - Financial Control, **Kevin Ingram** - NCB Insurance, **Nicole Holness** - Group Human Resources, **Stephen Wildes** - Group MD's Office, **Tanya Powell** - NCB Capital Markets

DEAR SHAREHOLDERS,

The financial landscape here and abroad underwent unprecedented changes in our 2008 Financial Year and the implications are still evolving even at this time. Our company's positive performance despite this environment reflected the benefit of diversity in our revenue streams, prudent management of our asset and liability portfolios, discerning focus on cost containment and continually striving for excellence in customer service.

In the past four years, our growth has consistently outpaced the industry and today our company stands as Jamaica's largest and best capitalized bank, reflecting innovation, expertise and strength for the over one million Jamaican individuals and businesses that we serve both here and abroad.

We learnt more in the 2008 Financial Year in several respects. Our ability to anticipate and respond to changes that were evident in the wider operating environment was tested time and time again. We responded very well and were able to offset potential adversities that threatened our viability. The result was continued profitability in all business lines, with the highest level of growth being recorded in our Retail Banking segment, which ended the year with an 80% increase in operating profits. The targets for key financial ratios in the 2008 Financial Year were all met.

Objectives	Results
1. Increase Return on Equity	29.07% (24.84% in 2006/7)
2. Sustainable Revenue Growth	20% Increase
3. Optimise Balance Sheet Performance (Return on Assets)	3.19% (2.77% in 2006/7)
4. Increase Customer Satisfaction	Continuous improvement in Quarterly Scores
5. Improve Operational Efficiency	Cost to Income Ratio of 50.1% (57.3% in 2006/7)

I am grateful for the guidance of our Board of Directors and thankful for the dedication of every NCB employee whose mission it is to **embrace excellence** on the job each day. Our customers remain at the heart of our business and we will not relent in our desire to serve them better. Their loyalty and support require that we not just meet, but that we exceed their expectations.

We are convinced that there are a myriad of opportunities for us to improve and provide greater value to all our stakeholders. The performance to date indicates that we are on the right track. Given the realities of the local and global economy, we know that the face of financial services has changed forever. While the year ahead will be uniquely challenging, our company's future is sound and we are more than capable of recording continued success. We will continue to leverage our financial and operational strengths, pursue innovations that attract and retain customers and intensify our focus on employee expertise. Our goal is to be a world-class financial institution - we are undoubtedly on our way there.

Patrick A. Hylton, CD
Group Managing Director

Management Discussion & Analysis

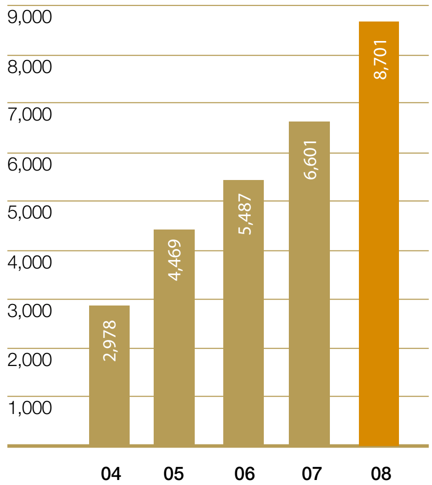
ENHANCING PROFITABILITY

We delivered record results in the 2008 Financial Year, with net profits of $8.7 billion, an increase of 32% or $2.1 billion over the 2007 Financial Year.

The results for the period reflect strong growth in our core businesses as well as:

- A gain of $1,059 million on the sale of Visa Incorporated shares (VISA). These shares were issued to the Bank during the Visa Incorporated initial public offering in March 2008.
  - $530 million of the gains were realised in March 2008 and represent the proceeds from the mandatory sale of a portion of the shares allocated to the Bank,
  - $529 million of the gains were realised in September 2008 and represent the proceeds from the sale of the remaining shares allocated to the Bank.
- A provision of $1,230 million representing the maximum potential loss on certain transactions governed by master repurchase arrangements with members of the Lehman Brothers group (Lehman).

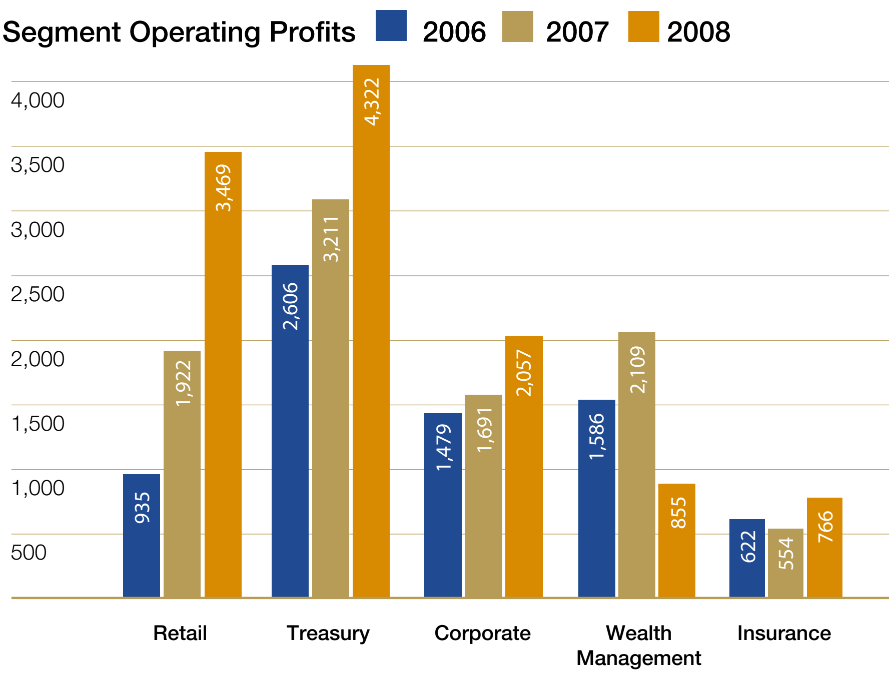
Net Profit ($M)



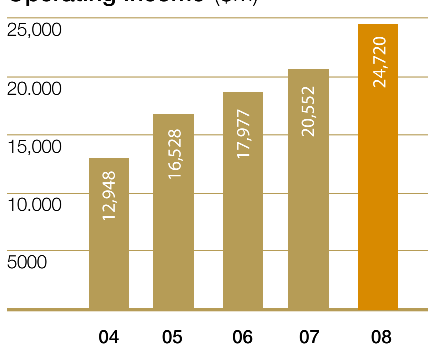
32% Increase in net profit to

JA$ 8.7b

Segment Operating Profits



Operating Income ($M)



Revenue up 20% to

JA$ 24.7b

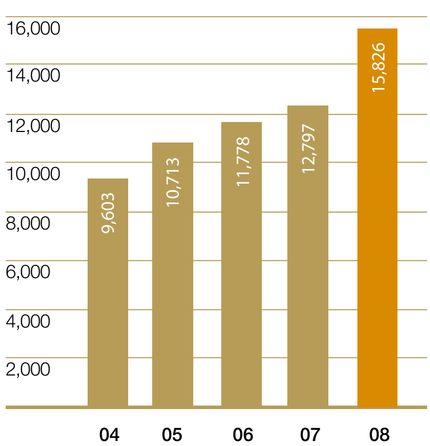
Net Interest Income

The Group's net interest income of $15.8 billion for the 2008 Financial Year increased by $3 billion or 24% due to growth in the total interest earning assets, but this growth was diminished by the compression of our interest rate spreads. The Group has employed strategies to ensure that the global financial crisis and the impact of market volatility are minimized as these continue to create challenges in our industry. We continue to utilize prudent risk management techniques that allow us to react in a timely manner to any market changes and mitigate any potential losses.

The balance sheet items which impacted net interest income were:

- Net Loans and Advances portfolio increasing by $25.6 billion or 45% over the previous year. Income from loans contributed $10 billion of our total interest income of $29 billion and increased by $2.3 billion or 29% over the prior year. The disparity between the increase in income from loans and the increase in the loan portfolio reflects the reduction in our loan yields and the change in the US$/J$ loan mix. Average loan yields fell from 17.4% in 2007 to 15.8% in 2008; a reduction of 160 basis points (1.6%).
- Investment Securities and Reverse Repurchase Agreements portfolio growing by $12.8 billion or 8.3% over the prior year. Interest income from securities increased by $2 billion or 12%.
- Funding portfolio increasing by $33.3 billion or 15% over the 2007 balance. Interest expenses increased by $1.3 billion or 11%.

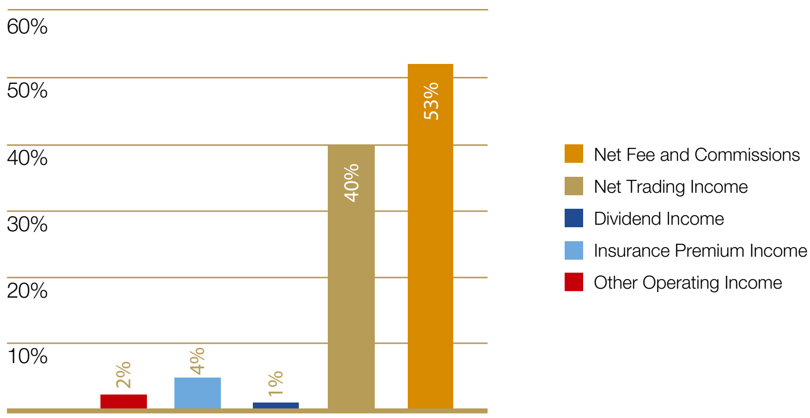
Net Interest Income ($'M)



Non-Interest Income

In the 2008 Financial Year our Non-Interest Income, which comprises mainly Net Fee & Commissions and Gains from Foreign Currency Trading and Investment activities, grew by 15% or $1.1 billion. Net Fee and Commissions, which accounts for most of the growth, increased by $927 million or 25% when compared to the prior year and this growth was attributable primarily to increases in the fees collected on the higher number of transactions done using our various electronic banking channels (ABMs and Point-Of-Sale Machines etc.). Gains from Foreign Currency Trading and Investment Activities (excluding VISA) reduced by $694 million or 22% due mainly to reduced earnings from fixed income trading and foreign exchange translation and trading activities, which were reflective of market conditions.

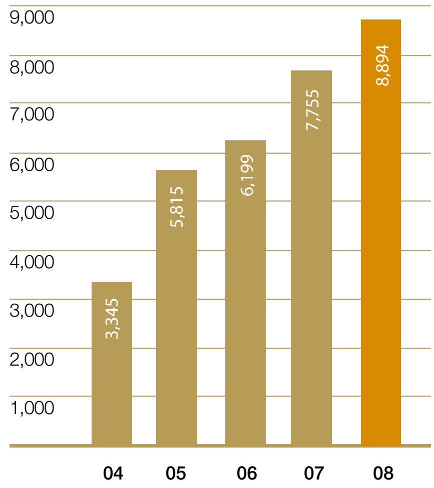
Non-Interest Income Breakdown (%)



24% Growth in Net Interest Income to

JA$ 15.8b

Non-Interest Income ($'M)



Non Interest Income up 15%

JA$ 8.9b

Asset Performance

The asset base of the Group increased by 15% from $254.2 billion in September 2007 to $291.2 billion as at September 2008. This was funded by increases in Repurchase Agreements, Customer Deposits, Funds Due to Other Banks, Policy Holders' Liabilities and Retained Earnings.

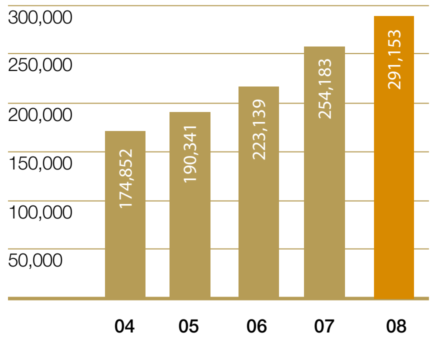
The Return on Average Assets ratio, one of our key strategic measures, has improved from 2.77% in 2007 to 3.19% in 2008.

Our Investment Securities portfolio increased by $12.6 billion or 8% over the prior year, while our Net Loans grew by $25.6 billion to $82 billion, which is 45% greater than the September 2007 balance of $56.5 billion. We experienced growth in each industry with the most significant growth coming in the Distribution and Tourism industry sectors which accounted for 56% of the loan growth. 52% of our loan portfolio now comprises foreign currency denominated loans.

Our Net Loans to Total Assets ratio has improved from 22.24% at September 2007 to 28.22% at September 2008. We ensured that steps were taken throughout the 2008 Financial Year to improve the robustness and responsiveness of our loan origination and delinquency management practices.

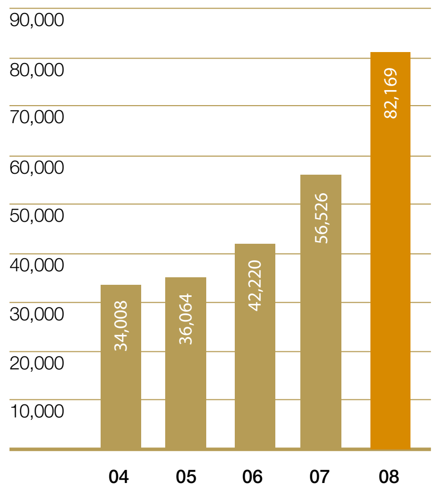
The provision for credit losses at September 2008 was $3.0 billion which represents 152.9% of our Non-performing Loan portfolio. The difference between the statutory provision for credit losses and the International Financial Reporting Standards (IFRS) provision is credited to a non-distributable reserve – Loan Loss Reserve. The balance in the Loan Loss Reserve was $697 million as at September 2008. Our Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

Total Assets ($'M)



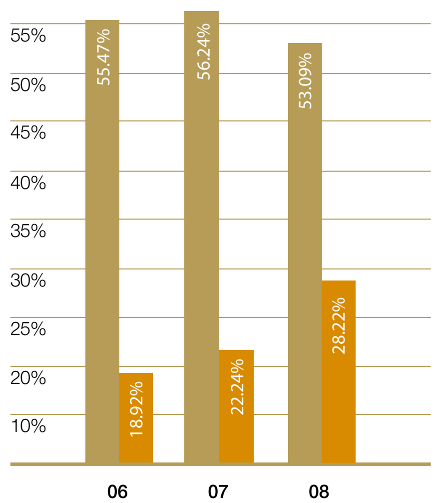
Growth of 15% to
JA$ 291b

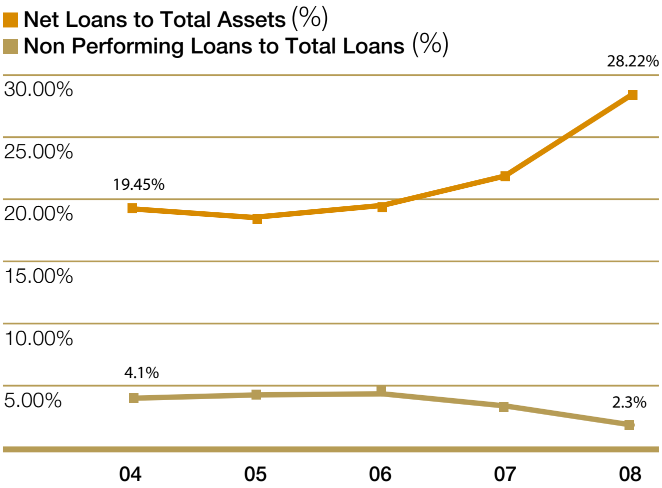
Net Loans ($'M)

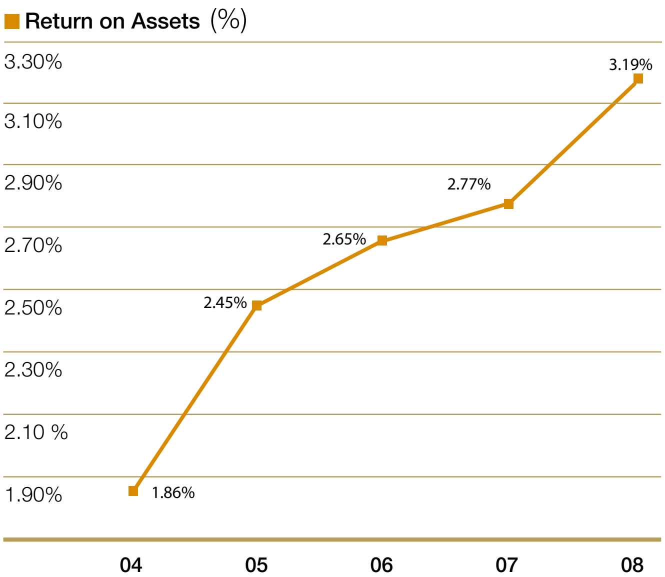


Growth of 45% to
JA$ 82b

Net Loans to Total Assets (%)
Investment Securities to Total Assets (%)







Funding

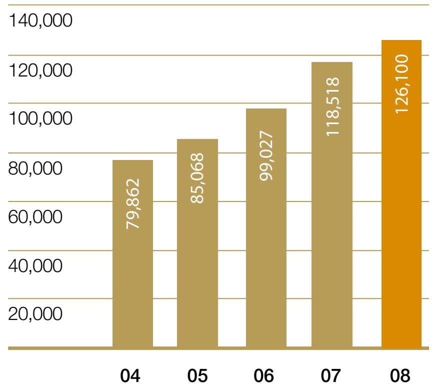
Our Customer Deposits increased by $7.6 billion to $126 billion, 6% over the previous financial year. Obligations under Repurchase Agreements have increased by 36% or $18 billion while Policyholders' Liabilities maintained by our Insurance business segment grew by $2 billion or 14%. In the Wealth Management segment, Funds under Management increased by $9.3 billion or 20.3% from $45.8 billion at 30 September 2007 to $55.1 billion at 30 September 2008.

Growth of 20% to

JA$ 55b

(Banking Segment)

Customer Deposits ($'M)

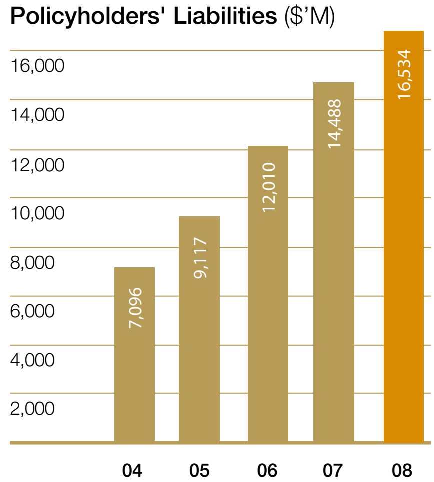


Growth of 6% to

JA$ 126b

(Insurance Segment)

Policyholders' Liabilities ($'M)

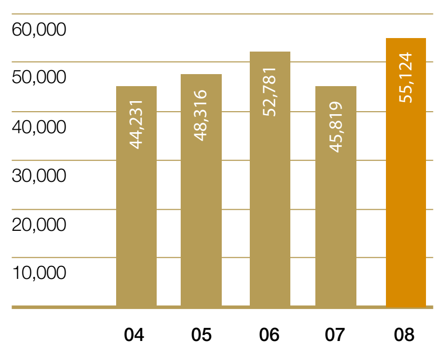


Growth of 14% to

JA$ 16b

(Wealth Management Segment)

Funds Under Management ($'M)



Capital

The Group's Stockholders' Equity of $31.3 billion increased by $2.8 billion or 10%. The Statutory Capital base was $19.0 billion at the end of the 2008 Financial Year, up $5.4 billion over the 2007 level. The return on equity for the Group increased to 29.07% in September 2008 from 24.84% in September 2007.

- The Risk-Based Capital Ratio for the Bank was 13.02% at September 2008 (September 2007 – 14.5%), which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica.
- The Capital Base to Total Assets Ratio for NCB Capital Markets Limited at September was 11.17% (September 2007 – 14.09%), which exceeds the minimum requirement of 6% stipulated by the Financial Services Commission.
- NCB Insurance Company Limited reported a Solvency Ratio of 16.2% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.

Our Capital management activities are designed to ensure that we maintain or surpass the required regulatory ratio.

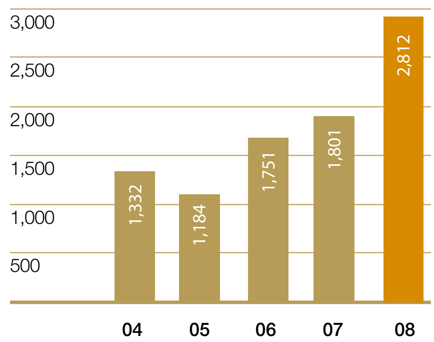
Dividend Policy

We have maintained the Group's policy of paying quarterly dividends in line with the earnings trend, while ensuring that sufficient capital is maintained to protect customer deposits and manage the growth of the business. The dividend payout ratio for 2008 Financial Year was 32.2% compared to 27.2% at September 2007.

We have increased the dividends paid per share in this Financial Year by $0.41 or 56%, paying a total of $1.14 per share. The total dividends paid at September 2008 was $2.8 billion compared to J$1.8 billion in the prior year.

The share price as at September 30, 2008 was J$20.00 per share which has resulted in a dividend yield of 5.7%, an improvement over September 2007, which was 3.3%.

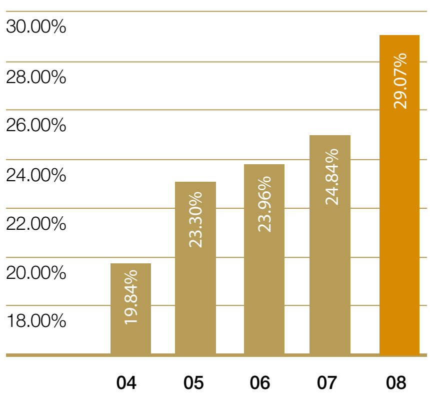
Dividends ($'M)



Total dividends paid

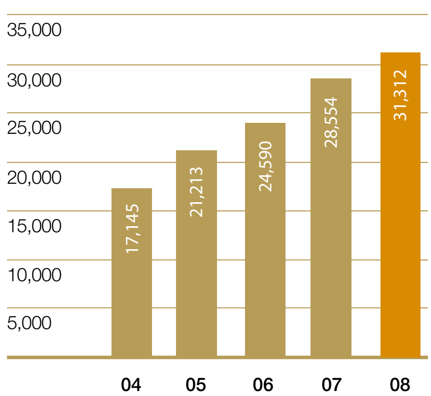
JA$ 2.8b

Return on Equity (%)



Increase to 29%

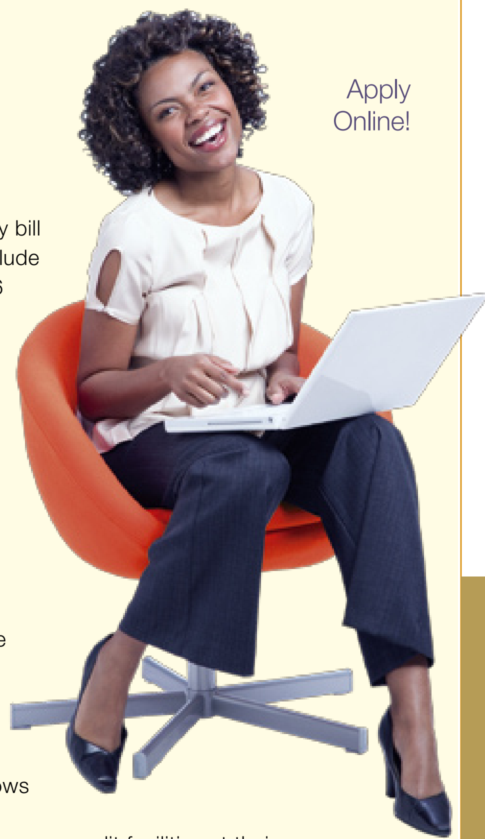
Net Worth ($'M)



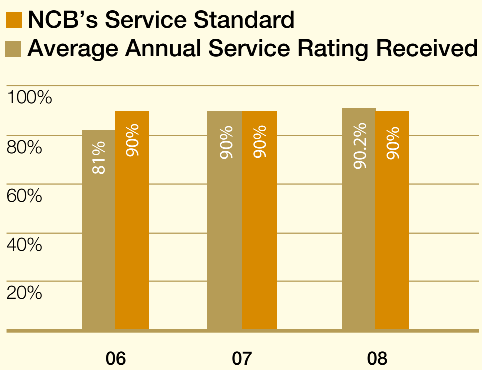
Increase of 10% to

JA$ 31b

EXCEEDING CUSTOMER EXPECTATIONS



We commission independent Customer Satisfaction Surveys to assess the service experience in all our branches each quarter.



Exceeding customer expectations continued to be high on our list of priorities for the 2008 Financial Year. In an effort to delight our customers, we endeavoured to increase accessibility of our products and services and to alleviate some of the irritants that were being faced. Recognising that a customer's complaint represents an opportunity to effect improvements, we listened to their feedback and in response undertook a number of initiatives.

The new Mandeville Branch was opened in February 2008 to eliminate the inefficiencies that existed under the previous two location operation. The new location has been well received by the customers and the community at large. Our branch network was also further expanded with the opening of a new branch in Port Antonio in July 2008. This location will better serve our customers in this area who previously had to commute long distances to the Buff Bay or Morant Bay locations for servicing. Additionally, 15 new ABM locations were established as we continue to widen our reach via the electronic channels.

FIRST SET OF EMPLOYEES: NCB Port Antonio Branch

We expanded our utility bill payment service to include accessibility at our 166 strong ABM network. Our customers are now able to use their Midas debit card and NCB issued credit cards to pay light and water bills as well as NCB credit card bills through our ABM network.

With another first in the industry, we launched an online loan and credit card application system in May 2008 which allows customers to apply via www.jncb.com for consumer credit facilities at their own convenience. User aids such as systems demonstration videos and Frequently Asked Questions are also available on our website.

In recognition of the achievements of our customers in the Small and Medium Enterprises (SME) segment, we launched the annual "Nation Builder Awards" where we lauded the entrepreneurial ingenuity of businesses that were contributing to community development. Additionally, a series of "Know How Seminars" were introduced and held in select branches with the aim of providing product information and advice to our SME customers on how to improve their businesses.

Patrick Hylton, Michael Lee-Chin and Bernadette Barrow, join winners of the NCB SME inaugural Nation Builders' Awards. (Front l-r) Omar Azan, Boss Furniture, winner of the Nation Builders' Award; Michelle Smith, Chocolate Dreams, winner of the Strength Award category; and Keith Hamilton, Hamilton's Industrial Machine Shop, winner of the Innovation Award.

Our Corporate Banking Division launched a series of Roundtable Breakfast meetings in mid-2007. The series targets a cross section of corporate leaders and is geared at exploring avenues to promote awareness, promulgate the exchange of ideas and inform private sector decisions based on the current local and global factors that impact economic trends and development in Jamaica. At the start of the 2008 Financial Year, another in this series was held, the focus being "The Vision for Transforming Jamaica's Labour Pool into a High Quality 21st Century Workforce'. Guest Speaker at the breakfast was the Prime Minister of Jamaica, the Hon. Bruce Golding. Through such a series we aim to bring clients and other partners together to discuss how we can drive the transformation necessary for the sustainability of businesses and the economic development for our country.

Marjorie Seeberan, General Manager NCB Corporate Banking together with Patrick Hylton, Group Managing Director and Michael Lee-Chin, Chairman greet Prime Minister Bruce Golding who was the Guest Speaker at the Corporate Banking Roundtable Breakfast meeting focusing on "The Vision for Transforming Jamaica's Labour Pool into a High Quality 21st Century Workforce".

The Corporate Banking segment continued to expand its portfolio throughout the year by positioning itself to undertake larger and more complex business deals. Notable examples of this were its role as Lead Arranger for a Jamaican syndicate in the funding of Angostura's acquisition of Lascelles deMercado, the acquisition of the Holiday Inn property and the funding of Seawind Keys, a new 700-room luxury hotel currently being built in Montego Bay.

The Treasury segment manages the Bank's client relationships with financial institutions locally and overseas. On the local side, the Treasury business was able to leverage its operational expertise in cashflow management to the benefit of its financial institution clients.

We successfully migrated the portfolio of local financial institutions to the e-corporate platform resulting in increased efficiencies for these customers who now access the range of electronic transaction services such as NCB FundsDirect, facilitated by NCB, one of the leading users of ACH Phase 2 (Automated Clearing House) system.

In Wealth Management, we continued to offer new products and placements which resulted in new income streams and additional investment opportunities for clients. During the 2008 Financial Year, NCB Capital Markets Limited was involved in almost all the large offerings in the market, including the Carlton Savannah REIT and the Jamaica Stock Exchange Preference Share Issue.

During the 2008 Financial Year, NCB Insurance Company Limited revised its business model to create greater focus on the Bancassurance business (OMNI) while continuing to offer its other products and remaining fully dedicated to our Pension clients. The reduced expense levels combined with improved performance on all the major portfolios (OMNI/OMNI Educator, Pensions, Annuities and Creditor Life,) generated Profit after Tax of $712 million, a 57% increase over 2007 for the Company.

The company also adopted new technology through the implementation of the Sungard EPS software to improve the efficiency of the Investment Management function (primarily for Pension funds); and ACH-2 to facilitate premium payments and improved service delivery to pensioners and annuity clients.

Clovis Cartoon celebrates Lascelles/Angustora Deal done by NCB Corporate Banking and NCB Capital Markets Limited

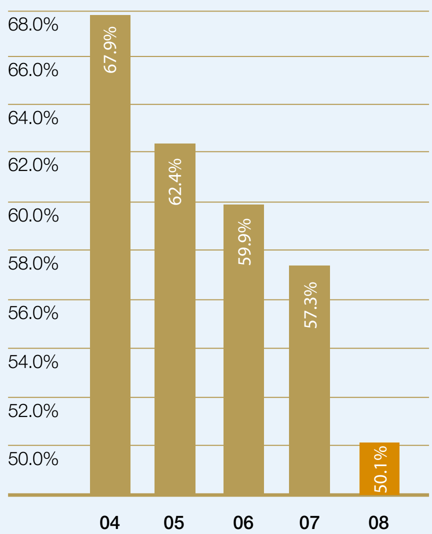
EFFICIENTLY RUNNING OUR OPERATIONS

We use the Cost-To-Income Ratio as one measure of how well we are managing efficiency in our operations.

Achieving and maintaining a Best In Class cost-to-income ratio remains one of our key strategic objectives and our efforts in this area continued. Although this ratio is also influenced by increases in our operating income, during the 2008 Financial Year, we were steadfast in eliminating re-work ("do it right the first time"), evaluating and implementing ways for technology to enable greater efficiency, maintaining cost control and seeking enhanced business processes either through centralization of functions or through benchmarking practices observed in other leading institutions.

The result was an improvement in our Group's Cost-To-Income ratio, which ended the financial year at a record low of 50.1% (prior year – 57.3%).

Cost to Income Ratio (%)

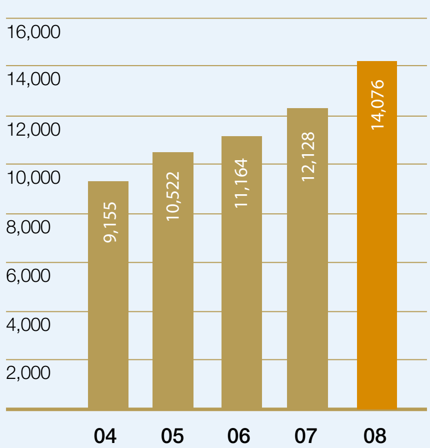


Operating Expenses

Operating expenses of $14.1 billion increased by 16% or $1.9 billion over the prior year and the major movements were:

- Provision for impairment of investments increasing by $1.15 billion, due to the provision of $1.23 billion booked in our Wealth Management business segment.
- Staff costs growing by $293.8 million or 4% mainly due to the negotiated annual increases in wages and benefits and reduction in other costs, such as overtime.

Operating Expenses ($'M)



- Provisions for Loan Losses increasing by $190.7 million primarily due to the growth in the Bank's loan portfolio.
- Other Operating Expenses increasing by $314.1 million or 7% over the 2007 Financial Year, which is below the year over year growth in inflation of 25.34%. Our top five other operating expense items are Depreciation (18% reduction), Property Maintenance and Utilities (8% increase), Communication, Courier and Transportation (2% reduction), Licencing and Processing Fees (11% increase) and Marketing, Advertising and Donations (4% increase).

Technology as an Enabler

Going forward, the entire NCB business and technology teams are embarking on simplifying and enhancing the products and channels our customers use everyday. We know the electronic banking experience is not just shaped by what our customers use in Jamaica. We are re-engineering the e-touch points to incorporate the best of the best in e-banking experiences. Less clicks, easily understood terms and codes, and the ability to do more things in one session are just some of the features to be employed at ABMs and within our Internet products.

Risk Management

Our business exposes us to certain types of risk including credit risk, market risk, liquidity risk and operational risk. NCB's risk governance framework has been structured around the main objective of preserving and maximising shareholder value. Our risk management strategy is supported by four main components: our business units, our independent risk management function, internal audit and compliance unit.

Our business units are responsible for identifying, quantifying, mitigating and managing all risks. We believe that our management processes, structures and policies allow us to place the ownership and accountability of risk with the business units, since they are intimate with the changing nature of risks and best able to act on our behalf in managing and mitigating those risks.

Our risk management function proactively works with the business units and senior management to ensure we have a continuous, strategic focus on key risks and emerging trends which may change our risk oversight. All business units are managed within the approved risk limits set by the risk management organization which has an objective view or our risk-taking activities.

The Internal Audit Division of the Group acts as an objective unit within the organization, providing a reasonable assessment of our internal control environment which includes our management systems, risk governance and policies and procedures and applicable laws and regulations.

The independent risk management function provides a mechanism to bring together the many perspectives of our management team to discuss risk issues, monitor risk-taking activities and to evaluate specific transactions and exposures. This function ultimately reports to the Board of Directors and is charged with monitoring the direction and trend or risks relative to business strategies, market conditions and other external factors.

[The various types or risk are further defined within the Risk Notes (#44) of the Financial Statements.]

Anti-Money Laundering/Counter Financing Terrorism Training

AML/CFT sensitization training is provided for Board members on an annual basis and our employees are also exposed via quarterly mandatory e-Learning, as well as by in-classroom training.

EMPOWERING OUR EMPLOYEES

We believe that our employees are inextricably linked to our sustainability. We believe that there are advantages to be gained from releasing employee potential through empowerment.

We continue to commit our resources to ongoing initiatives which help to create the environment in which our employees are given the opportunities to grow professionally and enhance their levels of expertise.

This year, we focused earnestly on refining our learning and development strategy to achieve better alignment with our business strategies while incorporating next generation and best in class learning practices. We have recognized that having a ready pool of opportunity driven, forward thinking individuals who are fully equipped to adapt to a complex, ever changing environment is integral to our long term sustainability. To ensure the relevance and applicability of our learning and development interventions, we divided our areas of focus into four Schools of Learning with each School being directed by a Council consisting of internal subject matter experts.

Having previously obtained the registration of the NCB Staff Training Centre as a tertiary institution, we pressed toward completing the accreditation requirements as set by the University Council of Jamaica. The Council recently concluded a visit to our Centre and we await their report regarding our progress towards completion of the requirements for accreditation.

To provide our Executive team with ongoing exposure to cutting edge best practices, we partnered with the University of Toronto – Joseph L. Rotman School of Management to launch our Executive Development Programme. The programme is intended to provide exposure to the thought processes of great leaders and enable participants to formulate and implement innovative solutions that will result in long term sustainable competitive advantages for NCB. The current candidates have completed all four modules of the programme.

Within the NCB Institute of Leadership and Organizational Development (ILOD), 87 employees completed their courses of study and graduated from the Programme. Based on the training and exposure provided, 59 graduates were promoted within their grade category whilst 17 were promoted outside of their grade category to assume positions of increased responsibility within the Company. We shall continue to build leadership readiness and capabilities of the employees remaining in the existing cadre, while enrolling a new cohort in the upcoming financial year.

The first candidates of our inaugural Branch Management Selection and Development Programme successfully completed their course of study with several participants, based on their level of preparation and exposure on the Programme, being able to assume managerial assignments across the Retail Business.
This programme provided the opportunity to continually infuse our talent pool and develop our employees who interact with the customers across our 48 branches island-wide.

Camille Steer, Silver ILOD Graduate happliy accepts her Certificate from Dennis Cohen at the programmes's first graduation ceremony.

Prof. Andrij Brygidyr animatedly makes a point much to the humour of the group as he leads a session with members of the Executive Development Programme.

Logo and Tagline for our new Corporate Learning Campus.

Recognizing the importance of image, business etiquette and protocol to the enhancement of profitable relationships with our customers, we embarked on an a series of 1 and 2 day seminars directed at our Executive and Branch Management teams in order to heighten their level of awareness and customer interaction. Our client relationship personnel were also provided with training in the areas of relationship selling, customer service and lending practices in support of our commitment to providing our customers with the highest level of service possible. Our employees involved in food service operations were provided with opportunities to upgrade their skill sets through our partnership with the HEART Trust/NTA in areas such as Commercial Food Preparation and Training in Restaurant Service.

Knowledge management is an essential component of the employee empowerment process. We sought to optimize our investments in technology by enhancing our online training portal, NCB eCampus, to facilitate at home access by our employees. This made it easier for our employees to access information for research and opportunities for learning outside of the regular work hours. The functionalities of the intranet website established by the Group Human Resources Division facilitated the ongoing availability of NCB Policy and Procedural information to support decision making and provided related articles/opportunities for self empowerment. Our online solutions have also allowed our employees to make direct requests for service from our human resources team, view and compare individual performance against that of the company and manage certain aspects of their professional lives.

NCB eCampus, an online training portal is now accessible from homes by NCB employees.

Consistent with efforts to continuously develop the talent and skills resident in our workforce is the recognition of the importance of striking a balance between work and personal pursuits. Through our workplace education programmes, we continued our efforts of providing our employees with information aimed at equipping them to make wise lifestyle choices. We amended the opening hours of The Wellness and Recreation Centre in order to improve the quality and scope of our services to our employees. Our island-wide immunization programme made it possible for our staff to protect themselves from several communicable illnesses such as influenza, chicken pox and measles. Our cancer screening initiative provided information and opportunities for cancer screening. We mobilized our Occupational Safety and Health Policy initially with the hire of a Safety, Security and Environment Manager and thereafter with the development of Safety Inspection Checklists that have been adopted by all our locations.

NCB Head Office team members proudly display the winner's trophy of the heavily contested Inter-Branch Netball Competition which is one of the many activities held at the NCB Wellness and Recreation Centre.

We provided opportunities for our employees to share information, opinions and ideas using our internal poll facilities and the Group Managing Director's Blog. Our commitment to empowerment was also displayed in the commissioning of an Employee Engagement Survey across the business. The Survey was intended to help us determine the behaviour and practices that impacted the level of engagement among our employees with a view to enhancing employee productivity. The results of the Survey are currently being collated and analyzed as a precursor to designing and implementing initiatives aimed at addressing any identified areas of concern.

LEADERSHIP TEAM

Patrick **HYLTON** - Group Managing Director | Rickert **ALLEN** - Senior General Manager, Group Human Resources
Sheree **MARTIN** - Senior Assistant General Manager, Group Marketing and Communications

Ffrench **CAMPBELL** - Senior Assistant General Manager, Facilities & Services | Peter **QUINN** - Chief Information Officer | Dennis **COHEN** - Deputy Group Managing Director | Yvonne **CLARKE** - Group Chief Financial Officer | Alison **LYNN** - Assistant General Manager, Centralized Operations

Marjorie **SEEBERAN** - General Manager, Corporate Banking | Christopher **WILLIAMS** - Managing Director, NCB Capital Markets Limited | Audrey **TUGWELL HENRY** - Senior General Manager, Retail Banking | Ann-Marie **HAMILTON** - General Manager, NCB Insurance Company Limited | Septimus 'Bob' **BLAKE** - General Manager, Treasury & Correspondent Banking

Dave GARCIA - General Manager, General Counsel and Special Projects | **Kerry O'SULLIVAN** - Senior Assistant General Manager, Network Operations | **Mukisa WILSON RICKETTS** - Chief Internal Auditor | **Allison WYNTER** - General Manager, Credit & Risk Management | **Jennifer DEWDNEY KELLY** - Group Chief Compliance Officer & Company Secretary

N.C.B. FOUNDATION

Our Mission

The N.C.B. Foundation respects and embraces charitable causes that are relevant to the betterment of Jamaica and leads in corporate social responsibility through strategic partnerships focused on the development of our nation's people.

Serving our nation

We are proud of the projects that we supported over this past year in many communities across Jamaica. They are special to us because they have made a remarkable difference in so many lives. In 2008, the N.C.B. Foundation committed over **$115 million** to hundreds of projects and scholarships across the island.

While it is heartening to see that more of our young people are turning towards education as a means of improving their circumstances, there is a corresponding strain on the society to find the financial resources to ensure that these motivated students succeed. With this in mind, NCB, through its Foundation, continued to fund various educational programmes across the island. During the 2008 Financial Year, the Foundation invested over $29 million in new scholarships at the primary, secondary and tertiary levels.

We were proud to announce two new tertiary scholarship programmes this year – our Parish Awards and the 'We Believe in You' Fund. Over 500 students who have shown a deep and unwavering commitment to achieving their dreams through education, despite financial hardships which sometimes affected their academic performance, received financial assistance. Not only are our scholarship winners committed to their education, they also possess the spirit of volunteerism, are actively involved in their communities, and show strong leadership qualities.

Of course, we still believe in our secondary students. Therefore, we continued our support of the CXC Fee Sponsorship Programme for the Principles of Accounts and Principles of Business examinations. Since the project's inception in 2003, the Foundation has spent over $60 million for 54,000 student entries. This programme works in collaboration with the Ministry of Education subsidy, which enables all students to have the opportunity to meet the minimum subject requirement for admission to tertiary level institutions. Some of our initiatives in 2008 also focused on improving the

physical conditions of schools. It is our belief that students need a healthy and safe environment that is conducive to learning. Over 25,000 students from more than 20 schools at the basic to secondary level, benefited from our support in this area. In addition, the Foundation assisted schools in their reconstruction efforts after being impacted by both Hurricane Dean in 2007 and Tropical Storm Gustav in 2008.

Developing our future leaders

NCB's mantra of **Building a Better Jamaica** will only be achieved through the support of all our citizens. With this in mind, we continued to support programmes that honed leadership skills in our youth and encouraged active citizenship. Several initiatives implemented this year by the Foundation challenged young persons to become agents of change in their schools, their communities, and most importantly, in their own lives.

In support of this theme, the N.C.B. Foundation hosted the "Pass the Torch" school tours. The school tours, which were part of the Olympic Homecoming celebrations, brought our triumphant Olympic athletes to 10 schools across the island. Over 15,000 students participated in these events. Our athletes, role models of our youth, returned to their alma maters to give inspirational messages. They spoke of self-empowerment, hard work for success, pride in oneself, and making choices that will transform goals into reality. The "Pass the Torch" school tours is the first step in a long term youth-to-youth mentorship intervention, initiated by the Foundation, to address specific issues in the schools visited by the athletes.

Encouraging Entrepreneurship

In an effort to foster the spirit of entrepreneurship among our youth, the N.C.B. Foundation partnered with several skills-based projects. The projects sought to enhance the skills of over 250 trainees through programmes in data entry, IT training and small cottage industry development. Through these programmes more persons from both inner city and rural communities have an opportunity to obtain gainful employment and economic self sufficiency. In the hope of expanding such initiatives, the Foundation assisted in the creation, or upgrading, of 6 IT facilities and donated over 500 computers to schools and community groups islandwide.

Transforming lives in communities

We were also privileged to have partnered with several projects that sought to transform communities in a positive way. One of our most distinctive projects was our partnership with the Digicel Rising Stars competition. The Foundation worked with the top five finalists to develop projects that would positively impact their community. The response was tremendous both from the young people with whom we worked, and the communities that have benefited. The objective of this programme was to encourage all young people to seek opportunities that would create the changes they want to see in our society.

As we look forward to the next financial year, we shall continue to identify partnerships in the development arena and incorporate "best practices" in the implementation of our programmes. We shall continue to explore other areas that will assist the overall growth of our nation while reviewing our strategic focus to be most responsive to the needs of Jamaicans. Our goal is to become a model Foundation which others emulate.

N.C.B. Foundation Board of Directors

From left: Andrew **PAIRMAN**, Joy **CALLENDER**, Thalia **LYN** (Chairman), Lisa **LAKHAN-CHEN**, Irene **WALTER**, Diana **THORBURN**.
Not in photo: Diana Oddi, Yvonne Clarke and Sheree Martin (CEO).

> A better Jamaica is possible if we are willing to work, to sacrifice and to believe.

HIGHLIGHT OF FINANCIAL CONTRIBUTIONS

Contribution by category
October 1, 2007 - September 30, 2008

Scholarships 25%
JA$ **29,**330,935.66

Education and Youth Programmes 35%
JA$ **39,**807,558.91

Excerpts from our Parish **Awardees'** essays

" Being born in hardship has never made the stars seem out of reach, it has made them seem more possible, in darkness of poverty and want-the stars looked instead brighter, real, filled with possibilities."

Jayann Walters, Parish Awardee, St. Elizabeth

"Being brought up in the rigour of the inner city community, exposed to criminal activities, delinquency, teenage pregnancy, drug abuse and a host of others have given me an insight on certain critical factors necessary to bring about betterment. You may say that these conditions are common among other applicants, but I can assure you that these life experiences have prepped me to become a highly self-motivated individual who is determined to stand for a change and prevail against the perception others may have of inner city youths"

Jody-Ann Morgan, Parish Awardee, Kingston

"I was abused, neglected, resented by people I love and I started becoming ashamed, not of whom I am, but of how my life was…I know that I am not the only young girl, young Jamaican who has struggled financially, who has been told I cannot achieve because I am from a poor family. I know I am one of the many Jamaicans who have a vision not only for myself but to encourage young people to have dreams and not be afraid to follow those dreams, even when it seems attaining those dreams are impossible."

Sheriffa Munroe, Parish Awardee, St. Andrew

School Infrastructure & Equipment 16%

JA$ **19,**111,133.52

Disaster Assistance 18%

JA$ **21,**154,140.00

Community Development 3%

JA$ **2,**972,933.16

Medical & Child Welfare 2%

JA$ **2,**841,122.83

Total in Projects and Scholarships

JA$ **115**m

From left: Samantha **CHANTRELLE**, Projects Manager; Bridgette **RHODEN**, PR Officer; Sheree **MARTIN**, CEO; Natalie **PETERSON**, Project and Research Coordinator; Anna-Kim **ROBINSON**, Programmes Officer.

Good Luck Alpha

"In life your success will be determined by the amount of effort you put in, the chances you take and the opportunities you seize" – Hon. Michael Lee-Chin OJ, Chairman, NCB Jamaica Ltd. - **NCB CXC Good Luck initiative May 2008**

AIC Fisheries Project

'Together we will rebuild, neighbours helping neighbours, strangers helping strangers and Jamaicans helping Jamaicans - **Rocky Point fishing village after hurricane Dean**

NCB Staff Appeal

"As good corporate citizens we have to make the changes we want to see." - Bridgette Rhoden, PR Officer N.C.B. Foundation. **NCB Staff Appeal to assist victims affected by Tropical Storm Gustav**

Digicel Rising Stars

"I have an opportunity to make a difference in my community" - Cameal, winner, Digicel Rising stars.- **Digicel Rising Stars/NCBF community projects**

Tertiary Scholarship Awards Luncheon

"You are the master of your destiny" Patrick Hylton, Group Managing Director NCB Jamaica Ltd. - **Tertiary Scholarship 'We believe in You' Luncheon**

Tertiary Scholarship Awards Luncheon

"I believe that with God's help I can make a positive indelible mark on the world"– Tamara McKayle All Island Champion, Manchester

CXC Math Project

"I had to learn how to work with students who did not know how to cope with my disability. This experience strengthened me… as I realized that I was getting better grades than my sighted peers … this motivated me to continue to perform to the best of my ability" - Dwayne Andy Graham, Tertiary Scholarship Awardee, **'We believe in you' Fund CXC Math Initiative 2008**

N.C.B. Foundation Olympic Home Coming School Tours

"These role models, our athletes, are a perfect example to showcase what hard work, discipline and just believing in yourself can do."– Sheree Martin, CEO, N.C.B. Foundation

1. Lashana, Digicel Rising Stars Contestant, sharing a happy momemt with childen of the ECI Remnant Basic school. **2.** Scholarship recipients volunteering at Lashana's Community Day Project. **3.** Young minds at work - Jamacia Summer Camps 2008 **4.** Thalia Lyn, Chairman, NCB Foundation poses with Khalil - Digicel Rising Stars Contestants **5.** Inner-city children enjoying a day of fun- UTECH Summer Camp 2008

CORPORATE SOCIAL RESPONSIBILITY

National Commercial Bank Jamaica Limited (NCB) is committed to engaging in those actions that will ensure its continued viability while recognizing its role as a corporate leader in the Country.

The scope of NCB's CSR Policy includes four (4) main areas:

1. ETHICS
Ethical standards and practices are governed by the NCB Code of Business Conduct. Commitment to ethical behaviour is widely communicated in an explicit statement and rigorously upheld. NCB expects all its employees to display the attributes of decency, fairness and honesty.

2. EMPLOYMENT PRACTICES
The Company's human resource management practices promote personal and professional employee development, diversity at all levels and empowerment. Employees are recognized as valid partners with the right to fair labour practices, competitive wages and benefits as well as a safe, harassment free, family-friendly work environment.

3. COMMUNITY OUTREACH
The Company fosters an open relationship that is sensitive to community culture and plays a proactive, co-operative and collaborative role to make the communities in which we operate better places to live and conduct business.

4. STAKEHOLDERS
Our efforts and resources will be targeted on those areas where we can make the most significant impact. Consequently, we make the following commitment:

1. To our customers:	we will be the preferred choice
2. To our employees:	we will be the Employer of First Choice
3. In our communities:	we will be a responsible citizen
4. To our investors/shareholders:	we will be a top tier performer
5. To the Government/Regulators:	we will practice excellent corporate governance
6. To the media:	we will be an information facilitator
7. To our suppliers:	we will engage in fair business practices

The Company will engage its various stakeholder groups through communication and dialogue and stakeholder relationships will be conducted with integrity, fairness and confidentiality.

Ethics

Business Conduct
NCB will conduct its business with integrity, honesty and in good faith; free from fraud or deception by respecting the dignity and rights of individuals in the communities and countries in which we operate. In order to achieve this, we will:

- **i)** Respect the rule of law and comply with all applicable laws and regulations of the countries in which we operate, including in particular any regulations, codes, guidelines or the like which apply to our specific business;
- **ii)** Make only commitments we intend to keep, not knowingly mislead others and not knowingly participate in or condone corruption;
- **iii)** Not give or receive bribes or other inducements to obtain or retain business, nor conduct ourselves in such a way as to give rise to any conflict of interest;
- **iv)** Seek mutually beneficial commercial relationships with third parties with whom we conduct business;
- **v)** Ensure that we do not enter into contractual arrangements that we are unable to execute;
- **vi)** Use company assets solely for the furtherance of the business and not abuse our positions in the Company for personal gain.

Conduct with our Customers
NCB aims to win and retain customers by developing and providing products and services of high quality. To achieve this we will:

- **i)** Ensure that all products and services associated with our businesses are of a strict quality that accords with and/or enhances our market positions;
- **ii)** Develop and maximise our use of and accessibility to technology for the benefit of our customers;
- **iii)** Ensure that the quality of our products and services satisfies/exceeds the requirements stipulated by the appropriate regulatory bodies as well as all legal requirements;
- **iv)** Compete fairly, ethically and within the framework of applicable competition laws.

Employment Practices

NCB recognizes that competitive advantage and commercial success depend on the full commitment of its employees and is dedicated to respecting their human rights and dignity and to providing them with favorable working conditions. We will:

i) Adopt an equal opportunity policy in the recruitment and engagement of staff as well as during the course of their employment. These values will be applied irrespective of race, geographic location, colour, gender, religion, disability, sexual orientation or other affiliation;
ii) Communicate the Corporate Social Responsibility Policy, Goals and Objectives to ALL employees during orientation;
iii) Promote the best use of our human capital on the basis of matching individual skills, competencies and experience against those required for the work to be performed.
iv) Encourage the involvement of our employees in the planning and direction of their work. These values will be applied irrespective of location, race, colour, gender, religion, disability, sexual orientation or other affiliation;
v) Meet the legal requirements aimed at providing a healthy and secure working environment for all employees at all locations in all the countries in which we operate;
vi) Encourage all our employees to be involved in their communities as part of NCB's social mission to make the areas in which we operate better places to live, work and conduct business;
vii) Offer a remuneration policy that is competitive and that recognizes and rewards good performance;
viii) Ensure that all employees know what is expected of them in their job, and are able to measure their performance against predetermined targets;
ix) Develop policies that promote and support employees in balancing their work and domestic responsibilities.

Community Outreach

It is our intention that the communities in which we operate should benefit directly from our presence through wealth and job creation and investment of time and resources in initiatives geared towards nation building where these involve but are not limited to education, skills acquisition, sustainable development and the building of self reliance. We will respond in a timely and appropriate manner to requests for outreach assistance in our communities. We believe that involvement in social issues will foster partnerships that benefit both the community and the Company.

Social Partnerships

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

i) Forging relationships with those charitable organisations whose objectives are in alignment with the general nature of the Company's activities, values and image ensuring protection and husbandry of our brand;
ii) Empowering our employees to become more involved in their communities and providing incentives for them via a volunteerism scheme;
iii) Where appropriate, providing our employees with the opportunity to engage in activities that will benefit the community.

Environmental Impact

As a leading financial institution, we recognize our role in managing the impact of our actions on our environment and our responsibility to communicate and demonstrate good environmental practices inside and outside of the Company. We will:

i) Seek to integrate the identification and management of environmental issues in our everyday business practices;
ii) Give full consideration to the management of our key environmental impacts;
iii) Meet the relevant legal requirements on environmental issues to ensure that any adverse effects on the environment are prevented or minimized;
iv) Ensure that all our employees are aware of our environmental practices and inform them of their individual roles and responsibilities towards the environment. All employees will be encouraged to consider environmental issues as a part of their roles;
v) Ensure in the selection of key suppliers that we consider their approach to the environment and ask them to comply with the applicable environmental laws. We will not knowingly conduct business with those companies that fail to demonstrate respect for the environment;
vi) Review (periodically or at least annually) the environmental initiatives throughout the Company and, if required, will both update environmental practices and set goals for the future;
vii) Strive to ensure that environmental improvements go hand-in-hand with reduced costs and increased efficiency;
viii) Where appropriate, use our position as a financial institution/organisation to promote good environmental practice through our products and services.

Stakeholders

To enable NCB to achieve its objective of maximizing shareholder value, we must ensure the highest possible standards of financial management, assessment of risk and control. Across the enterprise, we will accomplish this by:

i) Preparing detailed financial plans and setting clear performance targets;
ii) Establishing detailed financial procedures, including the authorization of revenue and capital expenditure;
iii) Maintaining a comprehensive system of internal audit with efficient control processes;
iv) Producing financial reports that adequately reflect and record all transactions that have been undertaken;
v) Ensuring that all proposed investments are fully evaluated and approved at the appropriate level and monitor ongoing performance against expectations;
vi) Taking prudent decisions on tax, finance and accounting issues to optimize the Company's position.
vi) Preparing detailed financial statements and reporting on the Company's consolidated performance.

National Commercial Bank Jamaica Limited Financial Statements

30 September 2008

(expressed in Jamaican dollars unless otherwise indicated)

DIRECTORS' REPORT

The directors submit herewith the Consolidated Profit and Loss Account of National Commercial Bank Jamaica Limited and its subsidiaries for the year ended 30 September 2008, together with the Consolidated Balance Sheet as at that date:

Operating Results

	$'000
Gross operating revenue	39,524,726
Profit before taxation	10,808,009
Taxation	(2,106,836)
Net profit	8,701,173

Dividends

The following dividends were paid during the year:

- $0.27 per ordinary stock unit was paid in December 2007
- $0.15 per ordinary stock unit was paid in February 2008
- $0.42 per ordinary stock unit was paid in May 2008
- $0.30 per ordinary stock unit was paid in August 2008

Directors

The Board of Directors comprises:

Hon. Michael A. Lee-Chin, OJ – Chairman
Mr. Patrick A.A. Hylton, CD – Group Managing Director
Mr. Dennis Cohen – Deputy Group Managing Director
Mr. Wayne C. Chen
Dr. Nigel Andrew Lincoln Clarke
Mrs. Sandra A.C. Glasgow
Hon. Noel A.A. Hylton, OJ, CD, Hon. LL D
Mr. Donovan Anthony Lewis
Mrs. Thalia Lyn
Professor Alvin G. Wint
Mr. Robert W. Almeida (appointed 24 April 2008)

Mrs. Jennifer Dewdney-Kelly – The Company Secretary

Rt. Hon. Justice Edward Zacca, OJ, PC - (resigned effective 21 December 2007)

Pursuant to Article 97 of the Bank's Articles of Association, one third of the Directors (or the number nearest to one third) other than the Managing Director and Deputy Managing Director will retire at the Annual General Meeting and shall then be eligible for re-election. Pursuant to Article 103 of the Bank's Articles of Association, any Director appointed by the Board, either to fill a casual vacancy, or as an addition to the existing Board will retire at the Annual General Meeting and shall then be eligible for re-election.

Auditors

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

On behalf of the Board

Jennifer Dewdney Kelly
Secretary

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Box 372
Kingston, Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581

Independent Auditors' Report

To the Members of
National Commercial Bank Jamaica Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of National Commercial Bank Jamaica Limited and its subsidiaries ("the Group"), and the accompanying financial statements of National Commercial Bank Jamaica Limited ("the Bank") standing alone, set out on pages 48 to 134, which comprise the consolidated and the Bank balance sheets as of 30 September 2008 and the consolidated and the Bank profit and loss accounts, statements of changes in stockholders' equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Bank as of 30 September 2008, and of the financial performance and cash flows of the Group and the Bank for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers

Chartered Accountants
3 November 2008
Kingston, Jamaica

CONSOLIDATED PROFIT & LOSS ACCOUNT

Year ended 30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 $'000	2007 $'000
Operating Income			
Interest income from loans		10,477,522	8,135,324
Interest income from securities		18,925,051	16,898,046
Total interest income		29,402,573	25,033,370
Interest expense		(13,576,269)	(12,236,593)
Net interest income		15,826,304	12,796,777
Fee and commission income	6	5,911,590	4,720,843
Fee and commission expense		(1,228,399)	(964,783)
Net fee and commission income		4,683,191	3,756,060
Gain on foreign currency and investment activities	7	3,566,692	3,201,336
Dividend income	8	72,883	88,032
Insurance premium income		398,754	523,200
Other operating income		172,234	186,174
		4,210,563	3,998,742
		24,720,058	20,551,579
Operating Expenses			
Staff costs	10	7,281,304	6,987,550
Provision for credit losses	22	468,287	277,603
Depreciation and amortisation		725,936	889,246
Impairment losses	11	1,229,610	80,340
Other operating expenses	9	4,371,013	3,893,562
		14,076,150	12,128,301
Operating Profit		10,643,908	8,423,278
Share of profit of associates	24	164,101	170,566
Profit before Taxation	12	10,808,009	8,593,844
Taxation	14	(2,106,836)	(1,992,418)
NET PROFIT	15	8,701,173	6,601,426
Earnings per stock unit (expressed in $ per share)			
Basic and diluted	17	3.54	2.68

CONSOLIDATED BALANCE SHEET

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008	2007
		$'000	$'000
ASSETS			
Cash and balances at Bank of Jamaica	18	15,442,828	15,307,128
Due from other banks	19	15,207,522	18,977,969
Investment securities at fair value through profit or loss	20	916,906	1,025,768
Reverse repurchase agreements	21	12,578,633	11,425,030
Loans and advances, net of provision for credit losses	22	82,169,396	56,525,564
Investment securities – available-for-sale	23	153,654,776	141,929,771
Investments in associate	24	2,181,407	2,034,921
Investment property	25	13,000	13,000
Intangible asset – computer software	26	282,264	294,304
Property, plant and equipment	27	3,830,313	3,774,574
Retirement benefit asset	30	13,077	11,627
Deferred income tax assets	29	1,679,056	289,975
Income tax recoverable		1,157,799	877,584
Other assets	28	1,325,792	1,260,943
Customers' liability - letters of credit and undertaking		700,628	435,196
Total Assets		291,153,397	254,183,354
LIABILITIES			
Due to other banks	31	10,038,502	4,777,587
Customer deposits		126,099,896	118,518,051
Derivative financial instruments	32	104,754	77,169
Promissory notes and certificates of participation		4,626	319,993
Repurchase agreements		69,619,957	51,305,167
Obligations under securitisation arrangements	32	26,259,740	26,409,833
Other borrowed funds	33	5,522,891	4,983,835
Income tax payable		489,559	1,260
Deferred income tax liabilities	29	112,006	261,309
Policyholders' liabilities	34	16,533,984	14,487,602
Provision for litigation	35	39,000	36,000
Retirement benefit obligations	30	354,321	290,549
Other liabilities	36	3,960,871	3,725,777
Liability- letters of credit and undertaking		700,628	435,196
Total liabilities		259,840,735	225,629,328
STOCKHOLDERS' EQUITY			
Share capital	37	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	37	(3,388)	(3,867)
Fair value and other reserves	38	(1,556,733)	1,595,550
Loan loss reserve	39	697,061	231,235
Banking reserve fund	40	3,663,000	2,607,000
Retained earnings reserve	41	8,875,761	4,519,761
Retained earnings	16	13,171,230	13,138,616
Total stockholders' equity		31,312,662	28,554,026
Total equity and liabilities		291,153,397	254,183,354

Approved for issue by the Board of Directors on 3 November 2008 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Donovan Lewis — Director

Sandra Glasgow — Director

Jennifer Dewdney Kelly — Secretary

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year Ended 30 September 2008 (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 at 30 September 2006	6,465,731	(3,867)	2,436,611	252,985	1,963,000	4,519,761	8,955,766	24,589,987
Currency translation differences	-	-	64,626	-	-	-	-	64,626
Unrealised losses on available-for-sale investments, net of taxes	-	-	(351,208)	-	-	-	-	(351,208)
Realised fair value gains transferred to Consolidated Profit and Loss Account	-	-	(513,310)	-	-	-	-	(513,310)
Share of equity movement in associates	-	-	(41,169)	-	-	-	-	(41,169)
Net losses not recognised in Consolidated Profit and Loss Account	-	-	(841,061)	-	-	-	-	(841,061)
Net profit	-	-	-	-	-	-	6,601,426	6,601,426
Dividends paid	-	-	-	-	-	-	(1,796,326)	(1,796,326)
Transfer from Loan Loss Reserve	-	-	-	(21,750)	-	-	21,750	-
Transfer to Banking Reserve Fund	-	-	-	-	644,000	-	(644,000)	-
Balance at 30 September 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 transferred to Consolidated Profit and Loss Account	-	-	(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 Retained Earnings Reserve	-	-	-	-	-	4,356,000	(4,356,000)	-
Transfer to Banking Reserve Fund	-	-	-	-	1,056,000	-	(1,056,000)	-
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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 $'000	2007 $'000
Cash Flow from Operating Activities			
Net cash provided by operating activities	42	8,653,286	24,711,176
Cash Flow from Investing Activities			
Acquisition of property, plant and equipment	27	(629,698)	(688,338)
Acquisition of intangible asset – computer software	26	(173,381)	(109,343)
Proceeds from disposal of property, plant and equipment		34,178	55,905
Dividends received from associates	24	27,965	37,287
Investment securities, net		(13,065,961)	(28,104,768)
Net cash used in investing activities		(13,806,897)	(28,809,257)
Cash Flow from Financing Activities			
Drawdowns under securitisation arrangements		-	3,327,211
Repayments under securitisation arrangements		(964,907)	-
Other borrowed funds		520,784	2,448,746
Dividends paid		(2,806,790)	(1,796,326)
Net cash (used in)/provided by financing activities		(3,250,913)	3,979,631
Effect of exchange rate changes on cash and cash equivalents		(118,861)	1,795,637
Net (decrease)/increase in cash and cash equivalents		(8,523,385)	1,677,187
Cash and cash equivalents at beginning of year		27,513,688	25,836,501
Cash and Cash Equivalents at End of Year		18,990,303	27,513,688
Comprising:			
Cash and balances at Bank of Jamaica	18	3,717,889	4,992,675
Due from other banks	19	15,207,522	18,977,969
Investment securities – available-for sale	23	10,103,394	8,320,631
Due to other banks	31	(10,038,502)	(4,777,587)
		18,990,303	27,513,688

PROFIT AND LOSS ACCOUNT

Year Ended 30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 $'000	2007 $'000
Operating Revenue			
Interest income from loans		10,453,794	8,114,962
Interest income from securities		10,033,974	8,915,473
Total interest income		20,487,768	17,030,435
Interest expense		(7,380,515)	(6,485,176)
Net interest income		13,107,253	10,545,259
Fee and commission income	6	5,201,035	4,213,217
Fee and commission expense		(1,217,891)	(866,737)
Net fee and commission income		3,983,144	3,346,480
Gain on foreign currency and investment activities	7	2,563,334	2,003,406
Dividend income	8	367,795	88,774
Other operating income		180,756	157,862
		3,111,885	2,250,042
		20,202,282	16,141,781
Operating Expenses			
Staff costs	10	6,189,402	5,854,494
Provision for credit losses	22	468,287	277,603
Depreciation and amortisation		661,122	828,048
Impairment loss	11	-	71,633
Other operating expenses	9	3,860,871	3,454,702
		11,179,862	10,486,480
Profit before Taxation	12	9,022,600	5,655,301
Taxation	14	(1,981,957)	(1,360,078)
NET PROFIT		7,040,643	4,295,223

BALANCE SHEET

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 $'000	2007 $'000
ASSETS			
Cash and balances at Bank of Jamaica	18	15,439,776	14,872,967
Due from other banks	19	14,697,655	17,362,968
Reverse repurchase agreements	21	1,232,648	1,847,473
Loans and advances, net of provision for credit losses	22	81,718,068	56,183,173
Investment securities – available-for-sale	23	85,842,638	81,365,884
Investments in associate	24	471,534	471,534
Investments in subsidiaries		1,609,609	1,606,017
Intangible asset – computer software	26	151,260	248,582
Property, plant and equipment	27	3,780,286	3,713,809
Deferred income tax assets	29	1,059,940	289,975
Income tax recoverable		-	267,426
Other assets	28	1,143,545	777,949
Customers' liability - letters of credit and undertaking		700,628	435,196
Total Assets		207,847,587	179,442,953
LIABILITIES			
Due to other banks	31	10,459,831	4,803,945
Customer deposits		123,784,672	117,156,445
Derivative financial instruments	32	104,754	77,169
Repurchase agreements		19,901,675	7,381,265
Obligations under securitisation arrangements	32	26,259,740	26,409,833
Other borrowed funds	33	2,330,328	2,336,173
Income tax payable		475,244	-
Provision for litigation	35	39,000	36,000
Retirement benefit obligations	30	354,321	290,549
Other liabilities	36	2,933,086	2,530,482
Liability- letters of credit and undertaking		700,628	435,196
Total liabilities		187,343,279	161,457,057
STOCKHOLDERS' EQUITY			
Share capital	37	6,465,731	6,465,731
Fair value and other reserves	38	(1,371,565)	338,556
Loan loss reserve	39	697,061	231,235
Banking reserve fund	40	3,663,000	2,607,000
Retained earnings reserve	41	8,875,761	4,519,761
Retained earnings		2,174,320	3,823,613
Total stockholders' equity		20,504,308	17,985,896
Total equity and liabilities		207,847,587	179,442,953

Approved for issue by the Board of Directors on 3 November 2008 and signed on its behalf by:

Patrick Hylton Group Managing Director

Donovan Lewis Director

Sandra Glasgow Director

Jennifer Dewdney Kelly Secretary

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year Ended 30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Fair Value And Other Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 September 2006	6,465,731	630,363	252,985	1,963,000	4,519,761	1,951,377	15,783,217
Unrealised losses on available-for-sale investments, net of taxes	-	(293,526)	-	-	-	-	(293,526)
Realised fair value losses transferred to Profit and Loss Account	-	1,719	-	-	-	-	1,719
Net losses not recognised in Profit and Loss Account	-	(291,807)	-	-	-	-	(291,807)
Net profit	-	-	-	-	-	4,295,223	4,295,223
Dividends paid	-	-	-	-	-	(1,800,737)	(1,800,737)
Transfer from Loan Loss Reserve	-	-	(21,750)	-	-	21,750	-
Transfer to Banking Reserve Fund	-	-	-	644,000	-	(644,000)	-
Balance at 30 September 2007	6,465,731	338,556	231,235	2,607,000	4,519,761	3,823,613	17,985,896
Unrealised losses on available-for-sale investments, net of taxes	-	(1,586,715)	-	-	-	-	(1,586,715)
Realised fair value gains transferred to Profit and Loss Account	-	(123,406)	-	-	-	-	(123,406)
Net losses not recognised in Profit and Loss Account	-	(1,710,121)	-	-	-	-	(1,710,121)
Net profit	-	-	-	-	-	7,040,643	7,040,643
Dividends paid	-	-	-	-	-	(2,812,110)	(2,812,110)
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	(1,371,565)	697,061	3,663,000	8,875,761	2,174,320	20,504,308

STATEMENT OF CASH FLOWS

Year Ended 30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 $'000	2007 $'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	42	129,233	15,938,080
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	27	(600,126)	(655,106)
Acquisition of intangible asset – computer software	26	(53,427)	(51,116)
Proceeds from disposal of property, plant and equipment		23,182	35,390
Investment in subsidiaries		(3,592)	-
Investment securities, net		(3,391,700)	(17,253,752)
Net cash used in investing activities		(4,025,662)	(17,924,584)
Cash Flows from Financing Activities			
Draw-downs under securitisation arrangements		-	3,327,211
Repayments under securitisation arrangements		(964,907)	-
Other borrowed funds		(8,824)	83,635
Dividends paid		(2,812,110)	(1,800,737)
Net cash (used in)/provided by financing activities		(3,785,841)	1,610,109
Effect of exchange rate changes on cash and cash equivalents		(134,362)	1,781,926
Net (decrease)/increase in cash and cash equivalents		(7,816,632)	1,405,531
Cash and cash equivalents at beginning of year		24,117,783	22,712,252
Cash and Cash Equivalents at End Of Year		16,301,151	24,117,783
Comprising:			
Cash and balances at Bank of Jamaica	18	3,714,837	4,558,514
Due from other banks	19	14,697,655	17,362,968
Investment securities – available-for-sale	23	8,348,490	7,000,246
Due to other banks	31	(10,459,831)	(4,803,945)
		16,301,151	24,117,783

30 September 2008 (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 61.85% (2007: 66%) subsidiary of AIC (Barbados) Limited. The ultimate parent the Bank is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ. 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 2008	30 September 2007
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	Stock Brokerage Services	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.

During the year, NCB Capital Markets (Cayman) Limited was incorporated and commenced trading.

The Group's associates are as follows:

	Principal Activities	Percentage ownership by Group	
		30 September 2008	30 September 2007
Kingston Wharves Limited	Wharf Operations and Stevedoring	43.45	43.45
Dyoll Group Limited	Coffee cultivation and other activities	44.47	44.47

2. Significant Accounting Policies

(a) 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 and loss, derivative contracts and investment property.

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

Amendments to published standards and interpretations effective 1 October 2007 that are relevant to the Group's operations

IFRS 7, Financial instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments. IFRS 7 supersedes IAS 30 and the disclosure requirements of IAS 32.

IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date.

IAS 39 (Amendment) - Financial instruments: Recognition and measurement (effective 1 July 2008). An amendment to IAS 39 was issued in October 2008, which permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The Group did not exercise this option and as such IAS 39 (Amendment) had no impact on these financial statements.

Standards and interpretations issued but not yet effective and have not been early adopted by the Group

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

- **IAS 1 (Revised) Presentation of Financial Statements** (effective for annual periods beginning on or after 1 January 2009). The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 will affect the presentation of owner changes in equity and of comprehensive income. It will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 (Revised) will require an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income will not be permitted to be presented in the statement of changes in equity. Management is currently assessing the impact of these changes.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards and interpretations issued but not yet effective and have not been early adopted by the Group (continued)

- **IAS 19 (Amendment), 'Employee benefits'** (effective from 1 January 2009).
  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
  - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
  - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
  - IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply the IAS 19 (Amendment) from 1 January 2009.

- **IAS 23 (Amendment), Borrowing costs** (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

- **IAS 27 (Revised) Consolidated and separate financial statements** (effective from 1 January 2009) requires that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity instead of through the profit and loss account.

  This revision also requires where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. The amendment will not have an impact on the Group's operations because it is the Group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.

- **IAS 28 (Amendment), Investments in associates** (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.

- **IAS 36 (Amendment), Impairment of assets** (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- **IFRS 3 (Revised), Business Combinations** (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards and interpretations issued but not yet effective and have not been early adopted by the Group (continued)

- **IFRS 8, Operating Segments** (effective for annual periods beginning on or after 1 January 2009).
  IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

- **IFRIC 13 Customer Loyalty Programmes** (effective for annual periods beginning on or after 1 July 2008) IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. Management is assessing the possible impact of IFRIC 13 on the Group's operations.

- There are a number of minor amendments to IFRS 7 - Financial instruments: Disclosures; IAS 8 - Accounting policies, changes in accounting estimates and errors; IAS 10 - Events after the reporting period; IAS 18 - Revenue and IAS 34 - Interim financial reporting. These amendments are unlikely to have any material impact on the Group's accounts and have therefore not been analysed in detail.

The Group has concluded that the following standards, interpretations and amendments to existing standards, which are published but not yet effective, are not relevant to its operations and will therefore have no material impact on adoption.

- **IAS 16 (Amendment) - Property, plant and equipment (and consequential amendment to IAS 7, Statement of cash flows**
- **IAS 20 (Amendment) - Accounting for government grants and disclosure of government assistance**
- **IAS 29 (Amendment) - Financial reporting in hyperinflationary economies**
- **IAS 31 (Amendment) - Interest in joint ventures (and consequential amendments to IAS 32 and IFRS 7)**
- **IAS 32 - Financial Instruments: Presentation/ IAS 1 - Presentation of Financial Statements (Amendments) - Puttable Financial Instruments and Obligations Arising on Liquidation**
- **IAS 38 (Amendment) - Intangible Assets**
- **IAS 39 (Amendment) - Financial instruments: Recognition and measurement**
- **IAS 40 (Amendment) - Investment property (and consequential amendments to IAS 16)**
- **IAS 41 (Amendment) - Agriculture**
- **IFRS 1 (Amendment) - First time adoption of IFRS and IAS 27 - Consolidated and Separate financial statements**
- **IFRS 2 (Amendment) - Share-based Payment - Vesting Conditions and Cancellations**
- **IFRS 5 (Amendment) - Non-current assets held-for-sale and discontinued operations**
- **IFRIC 11 - Group and Treasury Share Transactions**
- **IFRIC 12 - Service Concession Arrangements**
- **IFRIC 14, IAS 19 (Amendment) - The limit on a defined benefit asset, minimum funding requirements and their interaction**
- **IFRIC 15 - Agreements for construction of real estates**
- **IFRIC 16 - Hedges of a net investment in a foreign operation**

2. Significant Accounting Policies (Continued)

(b) Consolidation

The consolidated financial statements comprise those of the Bank and its subsidiaries presented as a single economic entity. Intra-group transactions, balances and unrealised gains and losses are eliminated in preparing the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-Company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group does not have control but has a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group uses the financial statements of Kingston Wharves Limited as at 30 June for the purposes of consolidation. Adjustments are made for significant transactions or events that occur between that date and 30 September. The investment in Dyoll Group Limited is fully provided for.

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

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the profit and loss account (applicable for trading securities), or within stockholders' equity if non-monetary financial assets are classified as available-for-sale.

(iii) Group companies

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

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

(e) Revenue recognition

(i) Interest income and expense

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Jamaican banking regulations stipulate that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest should be taken into account on the cash basis. IFRS require that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

2. Significant Accounting Policies (Continued)

(e) Revenue recognition (Continued)

(ii) Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective interest on the loan. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(iii) Dividend income

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

(f) Income taxes

Taxation expense in the profit and loss account comprises current and deferred income tax charges.

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

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

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

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

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(g) Investments

Investments are classified into the following categories: investment securities at fair value through profit or loss and available-for-sale securities. 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 net trading income.

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.

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

2. Significant Accounting Policies (Continued)

(g) Investments (Continued)

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

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

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

(h) Repurchase and reverse repurchase transactions

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

(i) Derivatives

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each balance sheet. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives (interest rate swaps) are included in interest expense. This includes derivative transactions which, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules in International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement.

(j) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at 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. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

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.

For non-performing and impaired loans the accrual of interest income based on the original terms of the loan is discontinued. Jamaican banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS require that interest income on non-performing loans be accrued, to the extent collectible, and that the increase in the present value of impaired loans due to the passage of time be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

2. Significant Accounting Policies (Continued)

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

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in the profit and loss account.

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

(k) Cash and cash equivalents

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

(l) Investment property

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at fair value, representing open market value determined annually by the directors. Changes in fair values are recorded in the profit and loss account.

(m) Property, plant and equipment

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

Overview
Corporate Governance
Management Discussion & Analysis
Engaging in Nation Building
Financial Statements
Shareholdings

2. Significant Accounting Policies (Continued)

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquiree. Goodwill on acquisition of associates is included in investments in associates. Goodwill is assessed annually for impairment.

(ii) Computer Software

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

(o) Leases

(i) As Lessee

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

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

(ii) As Lessor

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

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

Classification

The Group issues contracts that transfer insurance risk or financial risk or both.

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

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

Recognition and measurement

(i) Insurance contracts

These contracts insure human life events (for example death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under contracts that do not bear investment options, premiums are recognised as income when they become payable by the contract holder and benefits are recorded as an expense, net of reinsurance, when they are incurred.

Under contracts that bear an investment option, insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals; the resulting liability is called the Life Assurance Fund. Income consists of fees deducted for mortality, policy administration and surrenders. Interest credited to the account balances and benefit claims in excess of the account balances incurred in the period are recorded as expenses in the profit and loss account.

2. Significant Accounting Policies (Continued)

(p) Insurance and investment contracts – classification, recognition and measurement (Continued)

Recognition and measurement (Continued)

(i) Insurance contracts (Continued)

Insurance contract liabilities are determined by an independent actuary using the Policy Premium Method of valuation as discussed in Note 4. These liabilities are, on valuation, adjusted through the profit and loss account to reflect the valuation determined under the Policy Premium Method.

(ii) Investment contracts

Under these contracts, insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrenders. These liabilities are called the contract holders' account balances. Income consists of fees deducted for mortality, policy administration and surrenders. Interest credited to the account balances and benefit claims in excess of the account balances incurred in the period are recorded as expenses in the profit and loss account.

Benefits and claims payable represent the gross cost of all claims notified but not settled on the balance sheet date. Any reinsurance recoverable is shown as a receivable from the reinsurer.

(q) Reinsurance contracts held

The Group enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts as in note 2(p). The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets.

(r) Receivables and payables related to insurance contracts and investment contracts

These are recognised when due and include amounts due to and from agents, brokers and insurance contract holders.

(s) Borrowings

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

(t) Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Employee benefits

(i) Pension plans

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

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

2. Significant Accounting Policies (Continued)

(u) Employee benefits (Continued)

(i) Pension plans (continued)

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the profit and loss account over the employees' expected average remaining working lives. Past-service costs are recognised immediately in administrative expenses, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period), in this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are charged to the profit and loss account in the period to which they relate.

(ii) Other post-retirement obligations

Group companies provide post-retirement health care benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to income over the expected remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

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

Where the Bank is the primary obligor under acceptances, guarantees, indemnities and letters of credit and undertakings the amounts are reported as a liability on the balance sheet. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset. Where the Bank is not the primary obligors, the amounts are disclosed in Note 52.

(w) Share capital

(i) Share issue cost

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid.

(iii) Treasury shares

Where the Employee Share Scheme purchases the Bank's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Bank's equity holders until the shares are cancelled, reissued or disposed of. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Bank's equity holders.

2. Significant Accounting Policies (Continued)

(x) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made no significant judgements on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

(i) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the profit and loss account, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iii) Estimates of future benefit payments and premiums from long term insurance contracts

The determination of the liabilities under long-term insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the balance sheet date using the Policy Premium Method. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. The Policy Premium method of valuation is based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

4. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary. His responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation using the Policy Premium Method, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The shareholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and his report on the policyholders' liabilities.

5. Segment Reporting

The Group is organised into the following business segments:

(a) Retail banking – This incorporates the provision of banking services to individual and small business clients.

(b) Corporate banking – This incorporates the provision of banking services to large corporate clients.

(c) Treasury – This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading services.

(d) Wealth management – This incorporates stock brokerage, securities trading, investment management, pension fund management and trustee services.

(e) Insurance – This incorporates life insurance and insurance brokerage services.

Other operations of the Group include money remittance services and registrar and transfer agent services.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas account for less than 10 per cent of the Group's external operating revenue, assets and capital expenditures.

5. Segment Reporting (Continued)

Year ended 30 September 2008	Banking							
	Retail $'000	Corporate $'000	Treasury $'000	Wealth Management $'000	Insurance $'000	Other $'000	Eliminations $'000	Consolidated $'000
External operating revenue	11,046,344	4,609,532	13,179,765	7,778,592	2,795,834	114,659	-	39,524,726
Operating revenue from other segments	7,013,474	-	1,450,661	64,139	183,939	21,113	(8,733,326)	-
Operating 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 profits of 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	(106,772,395)	285,119,534
Associate								2,181,407
Unallocated assets								3,852,456
Total assets								291,153,397
Segment liabilities	112,185,742	43,926,040	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

5. Segment Reporting (Continued)

Year ended 30 September 2007	Banking							
	Retail $'000	Corporate $'000	Treasury $'000	Wealth Management $'000	Insurance $'000	Other $'000	Eliminations $'000	Consolidated $'000
External operating revenue	9,024,365	3,534,399	10,998,233	7,632,071	2,533,016	30,871	-	33,752,955
Operating revenue from other segments	6,127,406	(29,248)	1,191,404	67,850	107,289	65,431	(7,530,132)	-
Operating revenue	15,151,771	3,505,151	12,189,637	7,699,921	2,640,305	96,302	(7,530,132)	33,752,955
Segment result	1,921,838	1,478,624	3,210,660	2,109,056	553,964	42,384	(7,301)	9,309,225
Unallocated corporate expenses								(885,947)
Operating profit								8,423,278
Share of profits of associate								170,566
Profit before tax								8,593,844
Taxation expense								(1,992,418)
Net profit								6,601,426
Segment assets	114,152,923	30,706,151	119,789,192	57,372,425	16,374,979	440,726	(91,472,701)	247,363,695
Associate								2,034,921
Unallocated assets								4,784,738
Total assets								254,183,354
Segment liabilities	103,193,906	24,742,581	117,160,384	49,042,264	14,606,135	170,506	(88,324,515)	220,591,261
Unallocated liabilities								5,038,067
Total liabilities								225,629,328
Impairment loss	-	-	71,633	30,380	-	-	(21,673)	80,340
Capital expenditure	592,329	63,349	49,272	20,594	66,679	3,115	-	797,681
Depreciation and amortisation	696,233	74,524	57,963	29,743	29,753	1,030	-	889,246

6. Fee and Commission Income

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Retail banking fees	1,409,972	1,268,526	1,386,241	1,248,168
Credit related fees	3,640,972	2,775,436	3,640,972	2,774,956
Other fees	860,646	676,881	173,822	190,093
	5,911,590	4,720,843	5,201,035	4,213,217

7. Gain on Foreign Currency and Investment Activities

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Foreign exchange translation and trading	1,466,650	1,551,660	1,245,850	1,215,533
Fixed income – trading securities	23,211	58,611	-	-
Fixed income – available for sale securities	466,897	1,393,590	258,692	682,190
Equities – trading securities	93,674	47,048	-	-
Equities – available for sale securities	1,516,260	150,427	1,058,792	105,683
	3,566,692	3,201,336	2,563,334	2,003,406

Foreign exchange translation and trading income includes gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency trading activity.

8. Dividend Income

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trading securities	7,984	3,565	-	-
Available for sale securities	64,899	84,467	44,243	59,909
Subsidiary company	-	-	301,904	-
Associated company	-	-	21,648	28,865
	72,883	88,032	367,795	88,774

9. Other Operating Expenses

Insurance claims of $84,060,000 (2007 - $85,358,000) are included as part of other operating expenses.

Overview
Corporate Governance
Management Discussion & Analysis
Engaging in Nation Building
Financial Statements
Shareholdings

10. Staff Costs

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Wages and salaries	4,568,996	4,520,341	3,859,200	3,863,545
Statutory contributions	560,792	530,627	484,188	455,109
Pension costs – defined contribution plans	172,968	163,638	148,513	138,863
Pension costs – defined benefit plans (Note 30)	(801)	(691)	-	-
Other post employment benefits (Note 30)	77,475	51,962	77,475	51,962
Allowances and benefits	908,131	846,222	832,571	689,053
Staff profit share	864,788	711,716	684,854	524,680
Termination benefits	128,955	163,735	102,601	131,282
	7,281,304	6,987,550	6,189,402	5,854,494

11. Impairment Losses

The Group has recognised impairment losses as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Securities pledged with members of the Lehman Brothers Group	1,229,610	-	-	-
Dyoll Group Limited	-	49,960	-	71,633
Other equity investments	-	30,380	-	-
	1,229,610	80,340	-	71,633

Securities pledged with members of the Lehman Brothers Group

In the normal course of business, one of the Bank's subsidiaries, NCB Capital Markets Limited, entered into Master Repurchase arrangements with members of the Lehman Brothers Group (Lehman). Under these arrangements, Government of Jamaica bonds with a value of US$44,883,000 were pledged as security for the liability of US$27,918,000 to Lehman. Given the insolvency proceedings that have been initiated with respect to members of the Lehman Brothers Group in September 2008, full recovery of the excess of the value of the pledged assets held over the liability is considered doubtful and accordingly a full provision for this amount has made in these financial statements.

Dyoll Group Limited

This represented the impairment loss on equity investment in Dyoll Group Limited, for which full provision has been made.

Other Equity Investments

At 31 December 2006, an impairment assessment of a subsidiary's portfolio of quoted equity securities was performed and the amount of $30,380,000 was recognised in the profit and loss account as an impairment loss in the prior year financial statements.

12. Profit Before Taxation

The following have been charged/(credited) in arriving at profit before taxation:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Directors' emoluments -				
Fees	10,309	10,990	5,800	6,968
Management remuneration	114,842	68,377	114,842	68,377
Auditors' remuneration -				
Current year	23,950	29,250	12,950	15,821
Prior year	362	433	-	-
Losses/(Gains) on disposal of property, plant and equipment	(735)	(5,862)	93	(5,862)
Operating lease rentals	113,491	132,744	106,588	128,065

13. Expenses by Nature

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Staff costs (Note 10)	7,281,304	6,987,550	6,189,402	5,854,494
Depreciation and amortisation	725,936	889,246	661,122	828,048
Impairment losses (Note 11)	1,229,610	80,340	-	71,633
Provision for credit losses	468,287	277,603	468,287	277,603
Licensing and processing fees	647,600	581,358	590,012	542,426
Irrecoverable GCT	321,400	299,991	281,330	254,639
Property, maintenance and utilities	1,317,689	1,216,315	1,233,079	1,151,542
Insurance	246,312	221,425	237,255	219,914
Communication, courier and transportation	482,584	492,717	448,411	460,024
Stationery and office expenses	240,480	244,336	198,484	207,358
Marketing, advertising and donations	376,005	360,801	288,030	249,486
Technical, consultancy and professional fees	317,581	294,124	169,923	162,468
Other	421,362	182,495	414,347	206,845
	14,076,150	12,128,301	11,179,682	10,486,480

14. Taxation

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current:				
Income tax at 33⅓%	2,165,730	2,073,168	2,113,116	1,417,820
Premium tax at 3%	65,039	65,376	-	-
Investment income tax at 15%	81,252	105,256	-	-
Deferred income tax (Note 29)	(205,185)	(251,382)	(131,159)	(57,742)
	2,106,836	1,992,418	1,981,957	1,360,078

14. Taxation (Continued)

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 33 ⅓% as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Profit before tax	10,808,009	8,593,844	9,022,600	5,655,301
Tax calculated at a tax rate of 33 1/3%	3,602,670	2,864,615	3,007,533	1,885,100
Income not subject to tax or in respect of which tax has been remitted	(1,342,496)	(830,500)	(1,032,837)	(570,333)
Expenses not deductible for tax purposes	7,172	39,528	6,561	38,011
Effect of different tax regime applicable to life insurance subsidiary	(30,686)	(19,867)	-	-
Effect of share of associates' profit included net of tax	(54,700)	(57,134)	-	-
Losses in associate, not deductible	-	278	-	-
Prior year (over)/under provision	13,810	3,835	(350)	7,300
Other	(88,934)	(8,337)	1,050	-
Taxation expense	2,106,836	1,992,418	1,981,957	1,360,078

15. Net Profit

	2008	2007
	$'000	$'000
Dealt with in the financial statements of:		
The Bank	7,040,643	4,295,223
Subsidiaries	1,524,394	2,222,884
Associates	136,136	83,319
	8,701,173	6,601,426

16. Retained Earnings

	2008	2007
	$'000	$'000
Reflected in the financial statements of:		
The Bank	2,174,320	3,823,613
Subsidiaries	10,379,124	8,833,353
Associates	617,786	481,650
	13,171,230	13,138,616

17. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no potential dilutive ordinary stock units.

	2008	2007
Net profit attributable to stockholders ($'000)	8,701,173	6,601,426
Weighted average number of ordinary stock units in issue ('000)	2,460,800	2,460,720
Basic and diluted earnings per stock unit ($)	3.54	2.68

18. Cash and Balances at Bank of Jamaica

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash in hand and at bank	2,635,911	2,587,946	2,635,911	2,158,220
Balances with the Bank of Jamaica other than statutory reserves	1,081,978	2,404,729	1,078,926	2,400,294
Included in cash and cash equivalents	3,717,889	4,992,675	3,714,837	4,558,514
Statutory reserves with the Bank of Jamaica – interest-bearing	4,819,272	3,926,225	4,819,272	3,926,225
Statutory reserves with the Bank of Jamaica – non-interest-bearing	6,905,638	6,388,031	6,905,638	6,388,031
	15,442,799	15,306,931	15,439,747	14,872,770
Interest receivable	29	197	29	197
	15,442,828	15,307,128	15,439,776	14,872,967

Statutory reserves with the Bank of Jamaica represent the required ratio of 9% (2007 – 9%) of prescribed liabilities. They are not available for investment, lending or other use by the Group.

19. Due from Other Banks

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Items in course of collection from other banks	799,397	2,081,728	799,397	2,081,728
Placements with other banks	14,387,839	16,869,364	13,892,640	15,260,296
	15,187,236	18,951,092	14,692,037	17,342,024
Interest receivable	20,286	26,877	5,618	20,944
	15,207,522	18,977,969	14,697,655	17,362,968

20. Investment Securities at Fair Value through Profit or Loss

	The Group	
	2008	2007
	$'000	$'000
Quoted equity securities	291,204	622,001
Government of Jamaica debt securities	447,197	384,871
Corporate bond	160,255	7,746
	898,656	1,014,618
Interest receivable	18,250	11,150
	916,906	1,025,768

21. Reverse Repurchase Agreements

The Group and the Bank enter into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable for the Group and the Bank of $599,773,000 (2007 - $265,619,000) and $5,002,000 (2007 - $2,227,000), respectively.

At 30 September 2008, the Group and the Bank held $12,554,100,000 (2007 - $11,576,956,000) and $1,349,841,000 (2007 - $2,269,315,000), respectively of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

22. Loans and Advances

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gross loans and advances	83,815,521	57,738,314	83,380,296	57,399,693
Provision for credit losses	(2,295,673)	(1,997,288)	(2,291,534)	(1,993,580)
	81,519,848	55,741,026	81,088,762	55,406,113
Interest receivable	649,548	784,538	629,306	777,060
	82,169,396	56,525,564	81,718,068	56,183,173

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance at beginning of year	1,997,288	2,062,741	1,993,580	2,059,257
Provided during the year	1,131,233	1,027,349	1,131,233	1,027,349
Recoveries	(662,946)	(749,746)	(662,946)	(749,746)
Net charge to profit	468,287	277,603	468,287	277,603
Write-offs	(169,902)	(343,056)	(170,333)	(343,280)
Balance at end of year	2,295,673	1,997,288	2,291,534	1,993,580

The aggregate amount of non-performing loans on which interest was not being accrued amounted to $1,957,623,000 as at 30 September 2008 (2007 - $1,475,964,000).

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

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Specific provision	2,182,574	1,672,500	2,178,435	1,668,792
General provision	810,160	556,023	810,160	556,023
	2,992,734	2,228,523	2,988,595	2,224,815
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve (Note 39)	697,061	231,235	697,061	231,235

23. Investment Securities – Available-For-Sale

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available-for-sale securities – at fair value				
Debt securities –				
Government of Jamaica	134,666,796	122,147,048	73,212,161	69,226,021
Foreign governments	153,843	155,123	153,843	155,123
Corporate	11,963,280	12,003,378	7,227,675	6,272,339
Other	1,973,682	2,737,074	1,963,283	2,723,930
Equity securities -				
Quoted	1,360,979	1,249,640	499,251	907,572
Unquoted	39,999	39,321	18,255	18,255
	150,158,579	138,331,584	83,074,468	79,303,240
Interest receivable	4,489,895	3,598,187	2,768,170	2,062,644
	154,648,474	141,929,771	85,842,638	81,365,884
Less provision for impairment of securities pledged with Lehman Group (Note 11)	(993,698)	-	-	-
Total	153,654,776	141,929,771	85,842,638	81,365,884

Impairment loss recognised represents:

Provision for impairment	993,698	-	-	-
Impairment amount recycled from equity	235,912	-	-	-
	1,229,610	-	-	-

The Bank of Jamaica holds as security, Government of Jamaica Local Registered Stocks and Certificate of Securities Held with a face value of $1,700,000,000 (2007 - $1,700,000,000) for the Group and $1,500,000,000 (2007 - $1,500,000,000) for the Bank against possible shortfalls in the operating account.

The Financial Services Commission holds as security, Government of Jamaica Local Registered Stocks with a face value of $90,000,000 (2007 - $90,000,000) for the life insurance subsidiary, in accordance with Section 8(1)(B) of the Insurance Regulations 2001.

Included in investment securities are the following amounts which are regarded as cash equivalents for purposes of the statement of cash flows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Debt securities with an original maturity of less than 90 days	10,103,394	8,320,631	8,348,490	7,000,246

24. Investments in Associate

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At the beginning of the year	2,034,921	1,992,771	471,534	543,167
Share of profit	164,101	170,566	-	-
Dividends received	(27,965)	(37,287)	-	-
Other equity movements	10,350	(41,169)	-	-
Provision for impairment	-	(49,960)	-	(71,633)
At end of year	2,181,407	2,034,921	471,534	471,534

The assets, liabilities, revenue and net profit/(loss) of the associates as at and for the periods ended as indicated below are as follows:

	Assets	Liabilities	Revenue	Net Profit/(loss)
	$'000	$'000	$'000	$'000
2008				
Kingston Wharves Limited (30 June 2008)	9,101,952	4,019,923	2,924,292	371,541
Dyoll Group Limited (30 September 2006)	177,208	64,854	-	-
	9,279,160	4,084,777	2,924,292	371,541
2007				
Kingston Wharves Limited (30 June 2007)	8,047,979	3,339,310	2,527,691	398,475
Dyoll Group Limited (30 September 2006)	177,208	64,854	2,548	(1,878)
	8,225,187	3,404,164	2,530,239	396,597

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2008	2008	2007	2007
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	2,181,407	2,796,545	2,034,921	3,714,744
Dyoll Group Limited	-	-	-	5,689
	2,181,407	2,796,545	2,034,921	3,720,433

	The Bank			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2008	2008	2007	2007
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	471,534	2,164,843	471,534	2,875,633
Dyoll Group Limited	-	-	-	5,689
	471,534	2,164,843	471,534	2,881,322

25. Investment Property

	The Group	
	2008	2007
	$'000	$'000
Balance at beginning and end of year	13,000	13,000

The property is carried at Directors' valuation as at 30 September 2008.

26. Intangible Asset – Computer Software

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net book value at beginning of year	294,304	517,963	248,582	478,219
Additions	173,381	109,343	53,427	51,116
Disposals	-	(18,041)	-	-
Amortisation charge	(185,421)	(314,961)	(150,749)	(280,753)
Net book value at end of year	282,264	294,304	151,260	248,582

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cost	2,035,171	1,888,146	1,759,552	1,706,124
Accumulated amortisation	(1,752,907)	(1,593,842)	(1,608,292)	(1,457,542)
Net book value	282,264	294,304	151,260	248,582

27. Property, Plant And Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvements	Motor Vehicles, Furniture & Equipment	Assets Capitalised Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 October 2006	2,392,419	440,724	3,484,276	1,032,890	276,101	7,626,410
Additions	38,177	28,524	90,345	93,128	438,164	688,338
Disposals	-	(22,716)	(20,267)	(76,730)	(320)	(120,033)
Transfers	102,591	16,359	149,516	-	(268,466)	-
Reclassifications and adjustments	(34,861)	6,263	12,167	16,431	-	-
At 30 September 2007	2,498,326	469,154	3,716,037	1,065,719	445,479	8,194,715
Additions	45,526	11,628	145,967	24,347	402,230	629,698
Disposals	(9,970)	(4,185)	(70,364)	(89,807)	(65)	(174,391)
Transfers	533,255	41,051	218,002	-	(792,308)	-
Reclassifications and adjustments	17,911	(17,594)	(16,537)	16,220	-	-
At 30 September 2008	3,085,048	500,054	3,993,105	1,016,479	55,336	8,650,021
Accumulated Depreciation -						
At 1 October 2006	276,472	364,084	2,412,994	880,336	-	3,933,886
Charge for the year	43,338	42,253	406,961	81,733	-	574,285
Disposals	-	(22,696)	(6,913)	(58,422)	-	(88,031)
Reclassifications & adjustments	2,521	(5,094)	174	2,399	-	-
At 30 September 2007	322,331	378,547	2,813,216	906,046	-	4,420,140
Charge for the year	47,673	34,841	388,111	69,890	-	540,515
Disposals	(1,234)	(3,108)	(59,621)	(76,983)	-	(140,947)
Reclassifications and adjustments	17,933	(17,676)	(5,290)	5,033	-	-
At 30 September 2008	386,703	392,604	3,136,416	903,984	-	4,819,707
Net Book Value -						
30 September 2008	2,698,345	107,450	856,689	112,493	55,336	3,830,313
30 September 2007	2,175,995	90,607	902,821	159,673	448,996	3,774,574

27. Property, Plant And Equipment (Continued)

	The Bank					
	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Assets Capitalised Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -						
At 1 October 2006	2,392,419	393,019	3,394,331	1,035,024	272,968	7,487,761
Additions	38,177	1,903	87,776	89,086	438,164	655,106
Disposals	-	(22,716)	(13,120)	(76,730)	(320)	(112,886)
Transfers	102,591	16,359	149,516	-	(268,466)	-
Reclassifications and adjustments	(34,861)	6,263	8,125	20,473	-	-
At 30 September 2007	2,498,326	394,828	3,626,628	1,067,853	442,346	8,029,981
Additions	45,526	4,311	123,710	24,347	402,232	600,126
Disposals	(9,970)	(4,185)	(48,662)	(89,807)	(64)	(152,688)
Transfers	533,255	41,051	218,002	-	(792,308)	-
Reclassifications and adjustments	17,911	(17,594)	(16,537)	16,220	-	-
At 30 September 2008	3,085,048	418,411	3,903,141	1,018,613	52,206	8,477,419
Accumulated Depreciation -						
At 1 October 2006	276,472	336,197	2,359,228	880,336	-	3,852,233
Charge for the year	43,338	23,571	398,949	81,437	-	547,295
Disposals	-	(22,696)	(2,239)	(58,421)	-	(83,356)
Reclassifications and adjustments	2,521	(5,094)	(121)	2,694	-	-
At 30 September 2007	322,331	331,978	2,755,817	906,046	-	4,316,172
Charge for the year	47,673	25,273	367,538	69,889	-	510,373
Disposals	(1,234)	(3,108)	(48,087)	(76,983)	-	(129,412)
Reclassifications and adjustments	17,933	(17,676)	(5,290)	5,033	-	-
At 30 September 2008	386,703	336,467	3,069,978	903,985	-	4,697,133
Net Book Value -						
30 September 2008	2,698,345	81,944	833,163	114,628	52,206	3,780,286
30 September 2007	2,175,995	62,850	870,811	161,807	445,864	3,713,809

Assets capitalised under finance leases comprise motor vehicles and computer equipment.

28. Other Assets

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accounts receivable	1,155,401	1,147,682	978,647	669,409
Prepayments	170,391	113,261	164,898	108,540
	1,325,792	1,260,943	1,143,545	777,949

29. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 15% for the insurance subsidiary and 33 1/3% for the Bank and all other subsidiaries except for the subsidiaries incorporated in Cayman Islands and the United Kingdom who operate under a zero tax regime and 21% respectively.

The movement in the net deferred income tax balance is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net asset/(liability) at beginning of year	(28,666)	473,200	(289,975)	(133,047)
Deferred tax income (Note 14)	(205,185)	(251,382)	(131,159)	(57,742)
Deferred tax credit to stockholders' equity on available-for-sale investment securities	(1,333,199)	(250,484)	(638,806)	(99,186)
Net asset at end of year	(1,567,050)	(28,666)	(1,059,940)	(289,975)

(Assets)/liabilities recognised on the balance sheet are as follows:

	The Group		The Bank	
Deferred tax asset	(1,679,056)	(289,975)	(1,059,940)	(289,975)
Deferred tax liability	112,006	261,309	-	-
Net asset	(1,567,050)	(28,666)	(1,059,940)	(289,975)

Deferred income tax assets and liabilities are due to the following items:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	59,291	59,077	50,580	52,093
Investment securities at fair value through profit or loss	19,326	28,433	-	-
Investment securities – available-for-sale	1,382,455	82,060	720,347	81,542
Loan loss provisions	37,700	108,263	37,700	108,263
Pensions and other post-retirement benefits	118,107	92,975	118,107	96,850
Interest payable	321,803	244,243	-	-
Interest rate swaps	34,918	26,347	34,918	26,347
Other temporary differences	280,418	37,383	98,288	33,869
	2,254,018	678,781	1,059,940	398,964

29. Deferred Income Taxes (Continued)

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred income tax liabilities:				
Property, plant and equipment	3,819	1,024	-	-
Investment securities at fair value through profit or loss	401	-	-	-
Investment securities – available-for-sale	-	32,804	-	-
Interest receivable	669,144	498,214	-	-
Unrealised foreign exchange gains	7,929	116,851	-	108,989
Other temporary differences	5,675	1,222	-	-
	686,968	650,115	-	108,989

The amounts shown in the balance sheet include the following:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	(196,724)	(152,052)	(168,687)	(148,943)
Deferred tax liabilities to be settled after more than 12 months	5,675	1,024	-	-

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $3,264,811,000 at 30 September 2008 (2007 - $2,192,720,000).

Deferred income tax assets have not been recognised in respect of statutory losses of approximately $98,612,000 (2007 - $94,960,000) incurred by certain subsidiaries as management has determined that it is not probable that future sustainable taxable profits will be available against which these subsidiaries will be able to utilise the benefits therefrom.

30. Retirement Benefits

(Assets)/liabilities recognised on the balance sheet are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Pension schemes	(13,077)	(11,627)	-	-
Other retirement benefits	354,321	290,549	354,321	290,549

The amounts recognised in the profit and loss account are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Pension schemes	(801)	(691)	-	-
Other retirement benefits	77,475	51,962	77,475	51,962

30. Retirement Benefits (Continued)

(a) Pension schemes

The Bank and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. Defined benefit plans are valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuations were carried out as at 30 June 2008.

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Present value of funded obligations	6,666,214	7,158,130	6,652,609	7,144,609
Fair value of plan assets	(14,885,186)	(12,145,202)	(14,856,910)	(12,119,779)
	(8,218,972)	(4,987,072)	(8,204,301)	(4,975,170)
Unrecognised actuarial gains	3,428,408	558,562	3,426,814	558,287
Limitation on asset due to uncertainty of obtaining economic benefits	4,777,487	4,416,883	4,777,487	4,416,883
Asset in the balance sheet	(13,077)	(11,627)	-	-

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Beginning of year	7,158,130	5,723,848	7,144,609	5,711,488
Current service cost	1,389	1,489	-	-
Interest cost	832,180	663,219	821,475	661,678
Actuarial (gains)/losses	(717,104)	1,166,623	(715,502)	1,166,476
Benefits paid	(599,381)	(397,049)	(597,973)	(395,033)
End of year	6,666,214	7,158,130	6,652,609	7,144,609

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Beginning of year	12,145,202	10,387,389	12,119,779	10,364,558
Expected return on plan assets	1,184,893	1,019,216	1,182,079	1,016,704
Actuarial gains	2,152,742	1,133,619	2,153,025	1,133,550
Contributions received	1,730	2,027	-	-
Benefits paid	(599,381)	(397,049)	(597,973)	(395,033)
End of year	14,885,186	12,145,202	14,856,910	12,119,779

30. Retirement Benefits (Continued)

(a) Pension schemes (Continued)

The amounts recognised in the profit and loss account are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current service cost	308	280	-	-
Interest cost	823,180	663,219	821,475	661,678
Expected return on plan assets	(1,184,893)	(1,019,216)	(1,182,079)	(1,016,704)
Change in limitation on asset	360,604	355,026	360,604	355,026
Total, included in staff costs (Note 10)	(801)	(691)	-	-

The actual return on plan assets was $3,337,635,000 (2007 – $2,152,837,000) and $3,335,104,000 (2007 – $2,150,255,000) for the Group and the Bank, respectively.

The principal actuarial assumptions used were as follows:

	The Group		The Bank	
	2008	2007	2008	2007
Discount rate	13.0%	12.0%	13.0%	12.0%
Expected return on plan assets	10.0%	10.0%	10.0%	10.0%
Future salary increases	9.5%	9.5%	9.5%	9.5%
Future pension increases	0 - 3.5%	0 – 3.5%	0 – 3.5%	0 - 3.5%

Mortality rate
Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The life expectancy in years of a pensioner retiring at age 60 on the balance sheet date is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
Male	21.33	20.14	21.33	20.14
Female	25.09	25.17	25.09	25.17

(b) Other retirement benefits

In addition to pension benefits, the Bank and its subsidiaries offer medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 10% per year (2007 – 10%).

The amounts recognised in the balance sheet are determined as follows:

	The Group and The Bank	
	2008	2007
	$'000	$'000
Present value of unfunded obligations	402,255	424,233
Unrecognised actuarial losses	(47,934)	(133,684)
Liability in the balance sheet	354,321	290,549

30. Retirement Benefits (Continued)

(b) Other retirement benefits (Continued)

Movement in the defined benefit obligation is as follows:

	The Group and The Bank	
	2008	2007
	$'000	$'000
Beginning of the year	424,233	283,231
Current service cost	17,335	16,605
Interest cost	54,340	35,157
Actuarial (gains)/losses	(79,951)	102,967
Benefits paid	(13,702)	(13,727)
End of year	402,255	424,233

The amounts recognised in the profit and loss account are as follows:

	The Group and The Bank	
	2008	2007
	$'000	$'000
Current service cost	17,335	16,605
Interest cost	54,340	35,157
Actuarial gains recognised	5,800	200
Total, included in staff costs	77,475	51,962

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	16,666	13,213
Effect on the defined benefit obligation	83,935	60,507

(c) Post-employment benefits (pension and other retirement)

Plan assets for the Bank are comprised as follows:

	2008		2007	
	$'000	%	$'000	%
Equity	5,070,503	34.13%	4,220,796	34.83%
Debt	6,337,664	42.66%	5,590,655	46.12%
Other	3,448,743	23.21%	2,308,328	19.05%
	14,856,910	100.00%	12,119,779	100.00%

Pension plan assets include:

- Ordinary stock units of the Bank with a fair value of $1,684,669,000 (2007 - $1,597,604,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $343,328,000 (2007 - $585,748,000).
- Properties occupied by the Group with a fair value of $362,000,000 (2007 - $419,000,000).

The expected return on plan assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ended 30 September 2008 are nil.

31. Due to Other Banks

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Items in course of payment	1,798,211	1,704,145	1,798,211	1,704,145
Deposits from other banks	8,161,051	3,027,635	8,582,380	3,053,993
	9,959,262	4,731,780	10,380,591	4,758,138
Interest payable	79,240	45,807	79,240	45,807
	10,038,502	4,777,587	10,459,831	4,803,945

32. Obligations Under Securitisation Arrangements

	The Group and The Bank	
	2008	2007
	$'000	$'000
Credit card and cash advance		
Principal outstanding - US$225 million (2007 – US$225 million)	16,307,753	15,799,500
Diversified payment rights		
Principal outstanding - US$137 million (2007 – US$150 million)	9,897,119	10,533,000
	26,204,872	26,332,500
Unamortised transaction fees	(172,171)	(231,477)
	26,032,701	26,101,023
Interest payable	227,039	308,810
Net liability	26,259,740	26,409,833

Credit Card and Cash Advance

In 2001, the Bank entered into an arrangement for the sale of Future Accounts Receivable amounting to US$125,000,000 in respect of credit card and cash advance transactions in Jamaica between Visa International Service Association and Master Card International Incorporated and cardholders holding cards issued by banks outside of Jamaica (primarily in the U.S.A.). This took the form of variable funding certificates issued by Citibank N.A. through Citicorp administered commercial paper conduits. Payments under the arrangement were due quarterly commencing in October 2001 and ending October 2006. In September 2004, the arrangement was amended to extend the scheduled final payment date from October 2006 to October 2009 and to increase the facility limit to US$200,000,000. On 14 September 2006, the arrangement was further amended to extend the scheduled final payment date from October 2009 to October 2013, additionally the facility limit was increased from US$200,000,000 to US$225,000,000. A final drawdown of US$92,500,000 was made in September 2006.

Interest is due and payable on a quarterly basis and calculated monthly based on one month LIBOR plus 250 basis points.

32. Obligations under Securitisation Arrangements (Continued)

	The Group and The Bank			
	Carrying Fair 2008 $'000	Fair Value 2008 $'000	Carrying Value 2007 $'000	Fair Value 2007 $'000
Obligations under securitisation arrangements	26,259,740	26,431,911	26,409,833	26,641,310

Derivative Financial Instrument

Related to this arrangement, the Bank entered into a swap agreement with Citibank N.A. effective June 2006. The bank pays 5.65% per annum fixed and receives three months US dollar LIBOR on a notional amount of US$75,000,000 every quarter commencing September 2006 and ending June 2011.

The fair value of the interest rate swap at 30 September 2008 is negative $104,754,000 (US$1,445,000); (2007 - negative $77,169,000 (US$1,100,000)).

Diversified Payment Rights

On 22 March 2006, the Bank raised US$100,000,000 in structured financing backed by the securitisation of Diversified Payment Rights arising under its existing and future US dollar Payment Advice and Payment Order (MT100 Series) and US dollar remittances.

Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 180 basis points beginning 15 June 2006. Principal repayments are due quarterly commencing on 15 June 2008 and ending 15 March 2013.

On 20 July 2007, the Bank raised an additional US$50,000,000 in financing backed by the securitisation of its Diversified Payment Rights.

The transaction was structured with an interest only period of one year and thereafter principal amortisation on a straight line basis, beginning 15 June 2008 to final maturity on 15 June 2015. Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 20 basis points during the interest only period. The margin thereafter is three month US dollar LIBOR plus 157.5 basis points.

33. Other Borrowed Funds

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Preference shares	1,077,381	1,077,381	-	-
International Finance Corporation (IFC)	895,328	991,341	895,328	991,341
Development Bank of Jamaica	891,508	956,807	891,508	956,807
European Investment Bank	368,485	165,544	368,485	165,544
Repurchase agreements/margin accounts	2,073,244	1,548,893	-	-
Finance lease obligations	156,962	206,979	156,962	206,979
	5,462,908	4,946,945	2,312,283	2,320,671
Unamortised transaction fees (IFC)	(20,092)	(25,408)	(20,092)	(25,408)
Interest payable	80,075	62,298	38,137	40,910
	5,522,891	4,983,835	2,330,328	2,336,173

(a) On 25 July 2006, 100,000,000 11.75% cumulative redeemable preference shares of $3 each in NCB Capital Markets Limited were offered to the public and fully subscribed. The shares are redeemable at par at the company's option but in any event no later than January 2010. The shares were subsequently listed on the Jamaica Stock Exchange on 22 September 2006.

In June 2007, the company executed a renounceable rights issue of 100,000,000 preference shares at a price of $3.10 per share. The preference shares were to existing shareholders on record at 18 June 2007, who had the right to accept the shares and/or renounce some or all of the shares provisionally allotted. The company retained the right to upsize the offer and did so on two occasions, offering an additional 200,000,000 preference shares to existing preference shareholders. When the offer closed on 17 August 2007, a total of 250,768,080 preference shares had been allotted. The 11.75% cumulative redeemable preference shares are redeemable at par at the company's option. Any arrears of dividends must be paid at the date of redemption.

(b) On 27 June 2005, the International Finance Corporation, the private sector arm of the World Bank Group, signed an agreement with the Bank for a US$30 million loan facility, repayable over 10 years in seventeen equal installments ending 15 June 2015. Interest on the facility approximates three month US dollar LIBOR plus 275 basis points. A drawdown of US$15 million was made on 22 September 2006. This long-term financing facility will be utilised by the Bank for general corporate purposes.

(c) The loans from Development Bank of Jamaica are granted in both Jamaican dollar and US dollar currencies and are utilised by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. The loans attract interest rates between 6% - 10% per annum.

(d) The loans from European Investment Bank are granted in Euro dollar currencies and are utilised by the bank for on lending. The loans are repayable over 8 – 10 years at a rates between 4.865% - 10.939% per annum.

(e) The Repurchase agreements / margin accounts represent borrowings which are fully collateralised by securities owned by a subsidiary. The borrowings, which attract an interest rate between 3.75% - 5.75% per annum, have no specified maturity date.

33. Other Borrowed Funds (Continued)

(f) The finance lease obligations are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Minimum lease payments under finance leases:				
Not later than 1 year	93,474	107,223	93,474	107,223
Later than 1 year and not later than 5 years	96,673	153,276	96,673	153,276
	190,147	260,499	190,147	260,499
Future finance charges	(33,185)	(53,520)	(33,185)	(53,520)
Present value of finance lease obligations	156,962	206,979	156,962	206,979

The present value of finance lease obligations are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Not later than 1 year	71,629	76,046	71,629	76,046
Later than 1 year and not later than 5 years	85,333	130,933	85,333	130,933
	156,962	206,979	156,962	206,979

34. Policyholders' Liabilities

The Board of Directors of the Group's life insurance subsidiary appoints the Actuary pursuant to the Insurance Act. His responsibility is to carry out an annual valuation of the company's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the company and the insurance policies in force.

	The Group	
	2008	2007
	$'000	$'000
(a) Composition of policyholders' liabilities:		
Life assurance fund	17,005,999	14,920,015
Insurance risk reserve	(516,608)	(439,335)
Benefits and claims payable	18,143	11,433
Unprocessed premiums	26,450	(4,511)
	16,533,984	14,487,602

34. Policyholders' Liabilities (Continued)

	The Group	
	2008	2007
	$'000	$'000
(b) Change in policyholders' liabilities:		
Life assurance fund:		
At the beginning of the year	14,920,015	12,412,946
Gross premiums	3,076,411	3,350,347
Premium refunds	(12,195)	(24,965)
Mortality charges transferred to profit and loss account	(30,211)	(28,930)
Fees transferred to profit and loss account	(141,923)	(159,044)
Claims and benefits	(2,309,502)	(1,927,463)
Interest credited	1,503,404	1,297,124
At the end of the year	17,005,999	14,920,015
Insurance risk reserve:		
At the beginning of the year	(439,335)	(430,177)
Effect of change in assumptions:		
Base renewal expense levels	-	(105,133)
Issue of new policies	9,266	129,346
Investment returns	(86,608)	20,527
Normal changes	69	(53,898)
At the end of the year	(516,608)	(439,335)
Benefits and claims payable:		
At the beginning of the year	11,433	12,442
Policyholders' claims and benefits	26,069	21,438
Benefits and claims paid	(19,359)	(22,447)
At the end of the year	18,143	11,433
Unprocessed premiums:		
At the beginning of the year	(4,511)	14,971
Premiums received	3,483,665	3,873,547
Premiums applied	(3,452,704)	(3,893,029)
At the end of the year	26,450	(4,511)

35. Provision For Litigation

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At beginning of year	36,000	33,907	36,000	33,907
Provided during the year	4,300	4,093	4,300	4,093
Utilised/reversed during the year	(1,300)	(2,000)	(1,300)	(2,000)
At end of year	39,000	36,000	39,000	36,000

36. Other Liabilities

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accrued liabilities	2,630,229	2,350,137	1,751,806	1,884,865
Others	1,330,642	1,375,640	1,181,280	645,617
	3,960,871	3,725,777	2,933,086	2,530,482

37. Share Capital

	2008	2007
	$'000	$'000
Authorised		
5,750,000,000 (2007: 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 (2007: 6,042,916) ordinary stock units held by NCB Employee Share Scheme	(3,388)	(3,867)
Issued and outstanding	6,462,343	6,461,864

38. Fair Value and Other Reserves

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fair value reserve – available-for-sale investments	(3,005,126)	194,593	(1,720,033)	(9,912)
Translation reserve	270,315	233,229	-	-
Capital reserve	308,118	308,118	348,468	348,468
Share of movement in reserves of associates	415,176	404,826	-	-
Other	454,784	454,784	-	-
	(1,556,733)	1,595,550	(1,371,565)	338,556

Capital reserve comprises:				
Realised:				
Capital gains from the scheme of arrangement	-	-	300,564	300,564
Surplus on revaluation of property, plant and equipment	92,991	92,991	-	-
Retained earnings capitalised	98,167	98,167	-	-
Unrealised:				
Surplus on revaluation of property, plant and equipment	116,960	116,960	47,904	47,904
	308,118	308,118	348,468	348,468

39. Loan Loss Reserve

This is a non-distributable reserve representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 22).

40. Banking Reserve Fund

This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profits, as defined by the Act, of the Bank be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank.

41. Retained Earnings Reserve

Section 2 of the Banking Act 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers.

The deposit liabilities of the Bank and other indebtedness for borrowed money together with all interest accrued should not exceed twenty-five times its capital base.

42. Cash Flows From Operating Activities

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net profit	8,701,173	6,601,426	7,040,643	4,295,223
Adjustments to reconcile net profit to cash flow provided by operating activities:				
Depreciation of property, plant and equipment	540,515	574,285	510,373	547,295
Amortisation of intangible asset	185,421	314,961	150,749	280,753
Impairment losses	1,229,610	80,340	-	71,633
Share of after tax profits of associates	(164,101)	(170,566)	-	-
Provision for credit losses	468,287	277,603	468,287	277,603
Interest income	(29,402,573)	(25,033,370)	(20,487,768)	(17,030,435)
Interest expense	13,576,269	12,236,593	7,380,515	6,485,176
Income tax expense	2,106,836	1,992,418	1,981,957	1,360,078
Unrealised exchange loss on securitisation arrangements	831,431	1,499,252	831,431	1,499,252
Amortisation of upfront fees on securitisation arrangements	65,153	57,654	65,153	57,654
Change in retirement benefit asset/obligation	62,322	36,727	63,772	38,236
Unrealised exchange gain on foreign currency denominated investments	(1,466,650)	(1,551,660)	(1,245,850)	(1,215,533)
(Gain)/loss on disposal of property, plant and equipment and intangible asset	(735)	(5,862)	93	(5,862)
Fair value losses on interest rate swap	27,585	8,204	27,585	8,204
Changes in operating assets and liabilities:				
Statutory reserves at Bank of Jamaica	(1,410,654)	(1,295,481)	(1,410,654)	(1,295,481)
Reverse repurchase agreements	(818,136)	10,588,387	617,600	1,700,228
Loans and advances	(26,245,166)	(14,343,350)	(26,150,936)	(14,265,704)
Customer deposits	7,391,166	19,468,991	6,409,669	18,371,494
Repurchase agreements	18,841,734	1,018,741	12,368,203	4,844,323
Promissory notes and certificates of participation	(291,065)	(1,950,359)	-	-
Policyholders' liabilities	2,046,382	2,477,420	-	-
Other	133,638	969,250	(13,199)	901,615
	(3,591,558)	13,851,604	(11,392,377)	6,925,752
Interest received	28,326,528	25,633,633	19,942,717	16,940,709
Interest paid	(13,977,746)	(12,133,626)	(7,050,661)	(6,291,040)
Income tax paid	(2,103,939)	(2,640,435)	(1,370,446)	(1,637,341)
Net cash provided by operating activities	8,653,286	24,711,176	129,233	15,938,080

43. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	The parent and entities with significant influence over the entity		Fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Loans and advances								
Balance at 1 October	-	-	6,308	-	43,689	62,808	903,376	1,116,594
Issued during the year	-	-	231,288	211,614	122,224	84,546	2,773,810	392,222
Repayment during the year	-	-	(229,358)	(205,306)	(121,692)	(103,665)	(2,644,743)	(605,440)
Balance at 30 September	-	-	8,238	6,308	44,221	43,689	1,032,443	903,376
Interest income earned (loans and advances)	-	-	1,119	1,998	3,177	3,444	238,497	151,117
Investment securities								
Balance at 1 October	-	-	180,167	180,253	-	-	-	4,017,930
Net movement during the year	22,976	-	1,616	(86)	-	-	25,000	(4,017,930)
Balance at 30 September	22,976	-	181,783	180,167	-	-	25,000	-
Interest income earned (investment securities)	128	-	28,177	28,276	-	-	120,648	27,253
Reverse Repurchase Agreements								
Balance at 1 October	-	-	119,374	-	-	-	-	-
Net movement during the year	-	-	(8,481)	119,374	-	-	-	-
Balance at 30 September	-	-	110,893	119,374	-	-	-	-
Interest income earned (reverse repo)	-	-	7,846	2,766	-	-	-	-
Other assets								
Balance at 1 October	-	-	12,674	252	-	-	23,898	61,849
Balance at 30 September	-	-	20,114	12,674	-	-	-	23,898
Fees and commissions earned	6,482	-	42,607	12,016	984	186	232,492	84,878
Other operating income	-	-	1,928	2,205	-	244	4,024	1,407

43. Related Party Transactions And Balances (Continued)

	The Group							
	The parent and entities with significant influence over the entity		Fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Customer deposits								
Balance at 1 October	5,474	173,367	249,164	583,684	123,278	86,898	662,551	511,216
Net movement during the year	114,405	(167,893)	(76,328)	(334,520)	(52,674)	36,380	47,162	151,335
Balance at 30 September	119,879	5,474	172,836	249,164	70,604	123,278	709,713	662,551
Interest expense (customer deposits)	1,101	6,772	1,288	9,685	2,003	2,744	10,139	6,734
Repurchase agreements								
Balance at 1 October	-	-	21,841	116,746	57,043	29,284	43,642	33,577
Net movement during the year	-	-	30,947	(94,905)	104,883	27,759	9,962	10,065
Outstanding at 30 September	-	-	52,788	21,841	161,926	57,043	53,604	43,642
Interest expense (repurchase agreements)	-	-	18,839	5,000	6,676	4,904	3,971	5,047
Other liabilities								
Balance at 1 October	-	-	5,669	24,272	727	400	280	11,709
Balance at 30 September	-	-	152	5,669	27,706	727	932	280
Operating expenses								
Other operating expenses	-	-	105,905	120,540	2,399	2,414	-	-

43. Related Party Transactions and Balances (Continued)

	The Bank							
	The parent and entities with significant influence over the entity		Subsidiaries, fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Loans and advances								
Balance at 1 October	-	-	6,308	-	43,689	62,808	903,376	1,116,594
Issued during the year	-	-	231,288	211,614	122,224	84,546	2,773,810	392,222
Repayment during the year	-	-	(229,358)	(205,306)	(121,692)	(103,665)	(2,644,743)	(605,440)
Balance at 30 September	-	-	8,238	6,308	44,221	43,689	1,032,443	903,376
Interest income earned (loans and advances)	-	-	1,119	1,998	3,177	3,444	238,497	151,117
Investment securities								
Balance at 1 October	-	-	-	-	-	-	-	1,597,620
Net movement during the year	-	-	-	-	-	-	-	(1,597,620)
Balance at 30 September	-	-	-	-	-	-	-	-
Interest income earned (investment securities)	-	-	-	-	-	-	112,238	12,041
Reverse repurchase agreements								
Balance at 1 October	-	-	507,569	1,093,880	-	-	-	-
Net movement during the year	-	-	506,430	(586,311)	-	-	-	-
Outstanding at 30 September	-	-	1,013,999	507,569	-	-	-	-
Interest income earned (reverse repurchase agreements)	-	-	17,762	44,955	-	-	-	-
Other assets								
Balance at 1 October	-	-	35,905	229,620	-	-	-	-
Balance at 30 September	-	-	90,241	35,905	-	-	-	-
Fees and commissions earned	-	-	87,451	89,989	872	186	230,021	68,846
Other operating income	-	-	13,766	17,408	-	-	4,024	1,407

43. Related Party Transactions and Balances (Continued)

	The Bank							
	The parent and entities with significant influence over the entity		Subsidiaries, fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Customer deposits								
Balance at 1 October	5,474	173,367	2,212,956	3,298,672	113,289	86,871	662,551	511,216
Net movement during the year	114,405	(167,893)	1,677,038	(1,085,716)	(53,656)	26,418	44,578	151,335
Balance at 30 September	119,879	5,474	3,889,994	2,212,956	59,633	113,289	707,129	662,551
Interest expense (customer deposits)	1,101	6,772	132,536	137,028	1,797	2,194	10,139	6,754
Repurchase agreements								
Balance at 1 October	-	-	210,764	70,000	-	-	-	-
Net movement during the year	-	-	2,354,975	140,764	-	-	-	-
Balance at 30 September	-	-	2,565,739	210,764	-	-	-	-
Interest expense (repurchase agreements)	-	-	88,969	24,845	-	-	-	-
Borrowings from Correspondent Bank								
Balance at 1 October	-	-	-	-	-	-	-	-
Net movement during the year	-	-	407,138	-	-	-	-	-
Balance at 30 September	-	-	407,138	-	-	-	-	-
Interest expense (Borrowings)	-	-	1,218	-	-	-	-	-
Other liabilities								
Balance at 1 October	-	-	23,969	42,570	455	302	280	1,591
Balance at 30 September	-	-	7,108	23,969	346	455	932	280
Operating Expenses								
Other operating expenses	-	-	124,423	109,123	-	-	11,046	6,268

43. Related Party Transactions And Balances (Continued)

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	361,182	290,525	304,054	231,214
Post-employment benefits	9,522	9,098	8,452	8,138
	370,704	299,623	312,506	239,352

No provision has been recognised in respect of loans given to related parties (2007 – Nil).

44. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: Credit, Market, Interest Rate and Liquidity Risks.

The Group's risk management framework guides its risk-taking activities and ensures that it is in conformity with regulatory requirements, applicable laws, the Board's risk appetite, stockholders expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while driving the maximisation of long term shareholder value. The Group's comprehensive risk governance structure incorporates; (a) administrative controls effected through the Board, relevant committees (The Audit Committee, The Credit Committee, The Assets and Liability Committee, The Risk Management Committee, The Investment Management Committee) and the establishment of policies; and (b) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk taking activities.

Risk Limits are integral to the risk management process, as they characterise the Board's risk tolerance and also that of the Regulator. Limits are established for:

(i) Credit and Counterparty risk - exposures to individuals, group, counterparty country

(ii) Market risk - rate gap exposure, currency exposure, market value exposure

(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits are monitored on an ongoing basis and reported to the relevant governance committees.

44. Financial Risk Management (Continued)

Policies & Procedures

Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees.

(a) Credit risk

This is defined as potential for loss to the organisation arising from failure of a borrower, guarantor or counterparty to honour their contractual obligations to the Group.

The Group incurs credit and counterparty risk primarily in its loan business, reverse repurchase arrangements, and certain investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit Risk Management is facilitated by a cadre of loans officers and credit risk personnel, who together operate within a control framework which employs a hierarchical level of authorisations for transactions that expose the organisation to credit risk. Operating practices include the establishment of limits, ongoing monitoring of credit risk exposures, a disciplined approach to provisioning and loan loss evaluation in addition to ongoing reporting of portfolio exposures to the relevant governance committees and the regulators.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the balance sheet.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

(i) Loans

The Group assesses the probability of default of individual counterparties using internal ratings. Customers of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Group's rating	Description of the grade
1	Standard
2	Special Mention
3	Sub-Standard
4	Doubtful
5	Loss

Exposure to credit risk is mitigated by the taking of financial or physical assets.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) Loans - mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable and charges over financial instruments such as debt securities.
(ii) Securities lending and reverse repurchase transactions – cash or securities.

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Collateral values are monitored with a view to requesting additional collateral where market values are compromised or the terms in the loan agreements dictate.

Impairment Loss Provision Methodology

Provisions for impairment losses are assessed under three categories as described below:

Substandard, Doubtful or Loss Rated Loans

The Group identifies substandard, doubtful or loss rated loans as determined by Bank of Jamaica regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant Standard and Special Mention Loans

Individual significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which includes:

(i) Any significant financial difficulty being experienced by the borrower.
(ii) Breach of contract, such as default term, delinquency in principal and interest.
(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively Assessed Provisions

All loans, excluding those that are impaired, are assessed on a portfolio basis, reflecting the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

The tables below show the Group's and Bank's loans and the associated impairment provision for each internal rating class:

Group's and the Bank's rating

	The Group			
	2008		2007	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	74,160,392	489	50,199,674	510
Special Mention	7,172,747	142,186	5,648,091	202,811
Sub-Standard	280,272	256,278	307,136	218,225
Doubtful	365,352	363,654	225,460	225,408
Loss	1,836,758	1,533,066	1,357,953	1,350,334
	83,815,521	2,295,673	57,738,314	1,997,288

	The Bank			
	2008		2007	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	73,865,558	489	49,970,687	510
Special Mention	7,041,923	138,047	5,548,007	199,103
Sub-Standard	270,705	256,278	297,586	218,225
Doubtful	365,352	363,654	225,460	225,408
Loss	1,836,758	1,533,066	1,357,953	1,350,334
	83,380,296	2,291,534	57,399,693	1,993,580

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure			
	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on-balance sheet assets are as follows:				
Balances with Bank of Jamaica	12,806,888	12,718,985	12,803,836	12,714,353
Cash and balances due from other financial institutions (excluding cash on hand)	15,207,522	18,977,969	14,697,655	17,362,968
Investment securities through profit or loss	916,906	1,025,768	-	-
Securities purchased under agreements to resell	12,578,633	11,425,030	1,232,648	1,847,473
Investment securities – available-for-sale	153,654,776	141,929,771	85,842,638	81,365,884
Loans, net of provision for credit losses	82,169,396	56,525,564	81,718,068	56,183,173
	277,334,121	242,603,087	196,294,845	169,473,851
Credit risk exposures relating to off-balance sheet items are as follows:				
Loan commitments	21,617,021	13,978,703	21,617,021	13,978,703
Guarantees and letters of credit	4,214,990	4,966,388	4,214,990	4,966,388
	25,832,011	18,945,091	25,832,011	18,945,091

The above table represents a worst case scenario of credit risk exposure of the Group and the Bank at 30 September 2008 and 2007, without taking account of any collateral held or other credit enhancements. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Loans

Credit quality of loans is summarised as follows:

	The Group		The Bank	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Neither past due nor impaired -				
Standard	47,401,879	38,223,106	46,966,654	37,884,485
Past due but not impaired	34,330,742	17,975,066	34,330,742	17,975,066
Impaired	2,082,900	1,540,142	2,082,900	1,540,142
Gross	83,815,521	57,738,314	83,380,296	57,399,693
Less: provision for credit losses	(2,295,673)	(1,997,288)	(2,291,534)	(1,993,580)
Net	81,519,848	55,741,026	81,088,762	55,406,113

The majority of past due loans are not considered impaired.

There are no financial assets other than loans that are past due.

Of the aggregate amount of gross past due but not impaired loans, the fair value of collateral that the Group and the Bank held were $897,243,000 (2007 - $643,435,000) and $897,243,000 (2007 - $643,435,000) respectively.

Aging analysis of past due but not impaired loans.

	The Group and The Bank	
	2008	**2007**
	$'000	**$'000**
Less than 30 days	27,309,761	12,176,207
31 to 60 days	4,309,532	5,457,805
61 to 90 days	2,711,449	341,054
	34,330,742	17,975,066

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Financial assets – individually impaired

Financial assets that are individually impaired before taking into consideration the cash flows from collateral held are as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Investment securities	1,229,610	-	-	-
Loans	2,082,900	1,540,142	2,082,900	1,540,142

There are no financial assets other than those listed above that were individually impaired.

Restructured loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. The Group's and the Bank's renegotiated loans that would otherwise be past due or impaired totalled $1,640,500,000 (2007 - $680,646,000) and $1,640,500,000 (2007 - $680,646,000) respectively.

Repossessed collateral

The Group and the Bank obtained assets by taking possession of collateral held as security. Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(i) Loans

The following table summarises the Group's and the Bank's credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Bank	
	Loans and Advances		Loans and Advances	
	Total 2008 $'000	Total 2007 $'000	Total 2008 $'000	Total 2007 $'000
Agriculture	690,481	378,137	690,481	378,137
Central Government	14,003,446	12,223,908	14,003,446	12,223,908
Construction and Land Development	6,091,641	3,264,272	5,878,481	3,264,272
Other Financial Institutions	37,678	17,356	37,678	17,356
Distribution	10,447,556	3,311,839	10,447,556	3,311,839
Electricity, Water & Gas	585,370	922,180	585,370	922,180
Entertainment	190,565	52,989	190,565	52,989
Manufacturing	1,796,013	1,440,370	1,796,013	1,440,370
Mining and Processing	275,834	154,825	275,834	154,825
Personal	27,147,799	22,057,688	26,925,735	21,889,289
Professional and Other Services	5,804,329	5,371,473	5,804,329	5,201,250
Tourism	13,999,503	7,130,148	13,999,503	7,130,148
Transportation, Storage and Communication	2,745,306	1,413,129	2,745,305	1,413,130
Total	83,815,521	57,738,314	83,380,296	57,399,693
Total provision	(2,295,673)	(1,997,288)	(2,291,534)	(1,993,580)
	81,519,848	55,741,026	81,088,762	55,406,113
Interest receivable	649,548	784,538	629,306	777,060
Net	82,169,396	56,525,564	81,718,068	56,183,173

The majority of loans are lent to customers in Jamaica.

44. Financial Risk Management (Continued)

(a) Credit risk (Continued)

(ii) Debt securities

The following table summarises the Group's and the Bank's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Government of Jamaica	134,666,796	122,147,048	73,212,161	69,226,021
Other Caricom countries	153,843	155,123	153,843	155,123
Corporate	11,963,280	12,003,378	7,227,675	6,272,339
Other	1,973,682	2,737,074	1,963,283	2,723,930
	148,757,601	137,042,623	82,556,962	78,377,413

44. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is sufficient level of liquid assets available in addition to stable funding lines to meet ongoing cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight of relevant governance committees;
(ii) Daily management of liquidity by the relevant treasury units within each group company;
(iii) Use of tools to measure the organisation's exposures;
(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;
(v) Diversification of funding sources;
(vi) Maintenance of committed lines of credits and
(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The Cash Flows of Financial Liabilities

The tables below present the undiscounted payable both interest and principal cash flows of the Group's and the Bank's financial liabilities based on contractual repayment obligations. The tables also reflect the expected maturities of the Group and the Bank's financial assets and liabilities at the balance sheet date. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay. The expected maturity dates of financial assets and liabilities are based on estimates made by management as determined by retention history.

44. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

The Cash Flows of Financial Liabilities (Continued)

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 30 September 2008:						
Due to other banks	3,719,356	2,448,968	3,445,437	93,407	405,882	10,113,050
Customer deposits	105,257,842	9,579,510	11,524,233	263,447	22,128	126,647,160
Repurchase agreements	30,435,130	20,196,834	16,933,113	2,377,224	501	69,942,802
Obligation under securitisation arrangements	-	902,128	3,712,050	21,058,080	2,157,410	27,829,668
Other borrowed funds	2,146,010	277,419	545,302	2,118,772	488,170	5,575,673
Policyholders' liabilities	216,770	486,526	2,218,022	12,410,595	38,085,378	53,417,291
Other	1,995,746	1,991,625	639,914	451,814	393,844	5,472,943
Total financial liabilities (contractual maturity dates)	143,770,854	35,883,010	39,018,071	38,773,339	41,553,313	298,998,586
Total financial liabilities (expected maturity dates)	64,346,139	35,807,619	39,365,590	38,773,340	120,705,899	298,998,586
Total financial assets (expected maturity dates)	63,043,405	9,846,867	48,680,658	118,565,822	108,996,002	349,132,553

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 30 September 2007:						
Due to other banks	2,713,393	1,069,882	914,912	105,825	-	4,804,012
Customer deposits	106,404,002	5,916,912	6,353,350	117,045	150,973	118,942,282
Repurchase agreements	23,562,115	13,676,891	11,810,763	2,778,773	-	51,828,542
Obligation under securitisation arrangements	371,455	363,896	944,338	19,757,787	5,630,375	27,067,851
Other borrowed funds	82,336	323,724	455,365	3,655,981	612,709	5,130,115
Policyholders' Liabilities	202,532	462,858	2,057,609	11,035,422	38,640,066	52,398,487
Other	1,994,194	1,382,128	1,317,447	699,044	321,998	5,714,811
Total financial liabilities (contractual maturity dates)	135,330,027	23,196,291	23,853,784	38,149,877	45,356,121	265,886,099
Total financial liabilities (expected maturity dates)	68,868,421	23,196,290	24,169,074	38,149,877	111,502,438	265,886,099
Total financial assets (expected maturity dates)	58,026,460	7,888,613	26,341,835	112,018,109	101,523,266	305,798,282

44. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

The Cash Flows of Financial Liabilities (Continued)

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 30 September 2008:						
Due to other banks	4,136,677	2,448,968	3,445,437	93,407	405,882	10,530,371
Customer deposits	107,013,532	8,722,554	8,536,893	58,956	-	124,331,935
Repurchase agreements	8,225,409	5,289,396	4,354,150	2,355,564	-	20,224,519
Obligation under securitisation arrangements	-	902,128	3,712,050	21,058,080	2,157,410	27,829,668
Other borrowed funds	16,710	108,412	399,773	1,370,046	488,170	2,383,111
Other	1,719,994	1,958,285	390,390	88,441	393,844	4,550,954
Total financial liabilities (contractual maturity dates)	121,112,322	19,429,743	20,838,693	25,024,494	3,445,306	189,850,557
Total financial liabilities (expected maturity dates)	47,762,997	19,354,353	21,186,211	25,024,495	82,522,501	189,850,557
Total financial assets (expected maturity dates)	58,426,450	9,722,359	28,224,525	92,945,221	74,486,923	263,805,479

44. Financial Risk Management (Continued)

(b) **Liquidity risk (Continued)**

The Cash Flows of Financial Liabilities (Continued)

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 30 September 2007:						
Due to other banks	2,739,751	1,069,882	914,912	105,825	-	4,830,370
Customer deposits	105,617,133	6,595,352	5,314,579	53,613	-	117,580,677
Repurchase agreements	3,716,433	1,374,699	139,198	2,679,419	-	7,909,749
Obligation under securitisation arrangements	371,455	363,896	944,338	19,757,787	5,630,375	27,067,851
Other borrowed funds	31,473	184,949	342,724	1,310,597	612,709	2,482,452
Other	1,275,106	959,700	567,243	168,107	321,998	3,292,154
Total financial liabilities (contractual maturity dates)	113,751,351	10,548,478	8,222,994	24,075,348	6,565,082	163,163,253
Total financial liabilities (expected maturity dates)	47,289,745	10,548,477	8,538,285	24,075,348	72,711,399	163,163,253
Total financial assets (expected maturity dates)	50,669,879	5,662,579	14,483,713	87,607,058	64,180,570	222,603,798

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

Off-balance sheet items

The table below shows the contractual expiry by maturity of the Group's and the Bank's contingent liabilities and commitments.

	The Group and the Bank			
At 30 September 2008	No later than 1 year $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Loan commitments	21,599,021	18,000	-	21,617,021
Guarantees, acceptances and other financial facilities	693,925	2,603,508	917,557	4,214,990
Operating lease commitments	42,412	8,807	-	51,219
Capital commitments	342,681	-	-	342,681
	22,678,039	2,630,315	917,557	26,225,911
At 30 September 2007				
Loan commitments	13,978,703	-	-	13,978,703
Guarantees, acceptances and other financial facilities	817,630	3,067,630	1,081,128	4,966,388
Operating lease commitments	35,904	11,372	-	47,276
Capital commitments	649,673	-	-	649,673
	15,481,910	3,079,002	1,081,128	19,642,040

44. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Group and the Bank incur market risk primarily in its treasury, trading and structural banking activities. The Group and the Bank take a comprehensive governance approach in accordance with its enterprise-wide risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- The utilisation of tools and models to measure market risk exposure.
- Limit setting mechanisms and a monitoring process.
- The utilisation of scenario analysis and of stress testing for worst case events.

There has been no change to the manner in which the Group manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk the Risk Management Committee (RMC) has approved limits for net open position in each currency for both intra-day and overnight position. This limit may vary from time to time as determined by RMC.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments

The table below summarises the Group's and the Bank's exposure to foreign currency exchange rate risk as at 30 September.

	The Group					
	J$	US$	GBP	CAN$	Other	Total
30 September 2008	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Assets						
Cash and balances						
at Bank of Jamaica	10,120,256	4,515,651	690,202	96,073	20,646	15,442,828
Due from other banks	733,372	8,930,463	4,524,849	552,276	466,562	15,207,523
Investment securities at fair value						
through profit and loss	518,021	386,382	-	-	12,503	916,906
Reverse repurchase agreements	11,012,989	1,565,644	-	-	-	12,578,633
Loans and advances net of						
provision for credit losses	39,211,730	42,957,460	-	-	206	82,169,396
Investment securities						
– available-for-sale	90,889,965	59,623,992	1,252,319	-	1,888,500	153,654,776
Investments in associates	2,181,407	-	-	-	-	2,181,407
Other	7,264,062	414,588	189,445	14,036	1,119,798	9,001,929
Total assets	161,931,802	118,394,180	6,656,815	662,385	3,508,215	291,153,397
Liabilities						
Due to other banks	1,768,707	8,097,641	56,880	24,848	90,426	10,038,502
Customer deposits	80,636,942	38,373,694	5,905,266	658,272	525,722	126,099,896
Repurchase agreements	30,463,803	37,335,886	352,901	171	1,467,196	69,619,957
Obligations under						
securitisation arrangements	(172,171)	26,431,911	-	-	-	26,259,740
Other borrowed funds	2,486,476	2,915,455	-	-	120,960	5,522,891
Retirement benefit obligations	354,321	-	-	-	-	354,321
Other	22,848,632	(682,996)	68,479	(1,470)	(287,217)	21,945,428
Total liabilities	138,386,710	112,471,591	6,383,526	681,821	1,917,087	259,840,735
Net position						
on-balance sheet position	23,545,092	5,922,589	273,288	(19,438)	1,591,131	31,312,662
Off-balance sheet						
Guarantees and letters of credits	2,037,440	2,019,335	-	-	158,215	4,214,990
Credit commitments	8,522,414	13,094,607	-	-	-	21,617,021

Overview | Corporate Governance | Management Discussion & Analysis | Engaging in Nation Building | Financial Statements | Shareholdings

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Concentrations of currency risk – on – and off-balance sheet financial instruments (continued)

	The Group					
	J$	US$	GBP	CAN$	Other	Total
30 September 2007	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Assets						
Cash and balances						
at Bank of Jamaica	10,364,194	4,102,334	731,553	89,004	20,043	15,307,128
Due from other banks	1,114,594	12,144,446	4,925,187	438,424	355,318	18,977,969
Investment securities at fair value						
through profit and loss	869,213	143,750	-	-	12,805	1,025,768
Reverse repurchase agreements	9,513,254	1,911,776	-	-	-	11,425,030
Loans and advances net of						
provision for credit losses	28,816,564	27,709,000	-	-	-	56,525,564
Investment securities						
– available-for-sale	81,930,750	58,384,900	1,024,247	-	589,874	141,929,771
Investments in associates	2,034,921	-	-	-	-	2,034,921
Other	6,167,291	433,028	173,075	4	183,805	6,957,203
Total assets	140,810,781	104,829,234	6,854,062	527,432	1,161,845	254,183,354
Liabilities						
Due to other banks	1,839,252	2,765,210	77,087	27,744	68,294	4,777,587
Customer deposits	73,512,934	37,846,260	6,272,602	509,919	376,336	118,518,051
Repurchase agreements	26,093,371	24,961,454	93,488	-	156,854	51,305,167
Obligations under securitisation						
arrangements	-	26,409,833	-	-	-	26,409,833
Other borrowed funds	2,037,553	2,946,282	-	-	-	4,983,835
Other	19,216,278	349,266	11,986	91	57,234	19,634,855
Total liabilities	122,699,388	95,278,305	6,455,163	537,754	658,718	225,629,328
Net on-balance sheet position	18,111,393	9,550,929	398,899	(10,322)	503,127	28,554,026
Off-balance sheet						
Guarantees and letters of credits	1,844,911	2,874,666	-	-	246,812	4,966,389
Credit commitments	6,687,605	7,291,098	-	-	-	13,978,703

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Concentrations of currency risk – on- and off-balance sheet financial instruments (continued)

	The Bank					
	J$	US$	GBP	CAN$	Other	Total
30 September 2008	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Assets						
Cash and balances						
at Bank of Jamaica	10,117,204	4,515,651	690,202	96,073	20,646	15,439,776
Due from other banks	1,182,860	8,303,892	4,362,225	543,949	304,729	14,697,655
Reverse repurchase agreements	10,003	1,222,645	-	-	-	1,232,648
Loans and advances						
net of provision for credit losses	39,211,730	42,506,133	-	-	205	81,718,068
Investment securities						
– available-for-sale	51,748,511	31,764,431	913,502	-	1,416,194	85,842,638
Investments in subsidiaries	1,328,655	131,565	149,389	-	-	1,609,609
Investments in associates	471,534	-	-	-	-	471,534
Other	5,815,817	12,771	475	-	1,006,596	6,835,659
Total assets	109,886,314	88,457,088	6,115,793	640,022	2,748,370	207,847,587
Liabilities						
Due to other banks	2,190,037	8,097,641	56,880	24,848	90,425	10,459,831
Customer deposits	80,636,942	35,927,116	5,902,660	659,913	658,041	123,784,672
Repurchase agreements	4,801,976	14,055,628	-	-	1,044,071	19,901,675
Obligations under securitisation						
arrangements	(172,171)	26,431,911	-	-	-	26,259,740
Other borrowed funds	1,033,320	1,297,008	-	-	-	2,330,328
Other	3,974,287	534,678	63,099	-	34,969	4,607,033
Total liabilities	92,464,391	86,343,982	6,022,639	684,761	1,827,506	187,343,279
Net on-balance sheet position	17,421,923	2,113,107	93,153	(44,708)	920,835	20,504,308
Off-balance sheet						
Guarantees and letters of credits	2,037,440	2,019,335	-	-	158,215	4,214,990
Credit commitments	8,522,414	13,094,607	-	-	-	21,617,021

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

	The Bank					
	J$	US$	GBP	CAN$	Other	Total
30 September 2007	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Assets						
Cash and balances at Bank of Jamaica	10,385,386	3,692,090	686,444	89,004	20,043	14,872,967
Due from other banks	1,115,770	10,535,005	4,925,187	438,424	348,582	17,362,968
Reverse repurchase agreements	490,962	1,356,511	-	-	-	1,847,473
Loans and advances net of provision for credit losses	28,833,466	27,349,707	-	-	-	56,183,173
Investment securities – available-for-sale	45,896,931	34,212,526	1,024,247	-	232,180	81,365,884
Investments in subsidiaries	1,325,063	131,565	149,389	-	-	1,606,017
Investments in associates	471,534	-	-	-	-	471,534
Other	5,547,143	1,986	3	2	183,803	5,732,937
Total assets	94,066,255	77,279,390	6,785,270	527,430	784,608	179,442,953
Liabilities						
Due to other banks	1,865,610	2,765,210	77,084	27,744	68,297	4,803,945
Customer deposits	73,925,322	36,072,266	6,272,602	509,919	376,336	117,156,445
Repurchase agreements	195,855	7,185,410	-	-	-	7,381,265
Obligations under securitisation arrangements	-	26,409,833	-	-	-	26,409,833
Other borrowed funds	960,600	1,375,573	-	-	-	2,336,173
Other	3,127,740	183,831	504	91	57,230	3,369,396
Total liabilities	80,075,127	73,992,123	6,350,190	537,754	501,863	161,457,057
Net on-balance sheet position	13,991,128	3,287,267	435,080	(10,324)	282,745	17,985,896
Off-balance sheet						
Guarantees and letters of credits	1,844,910	2,874,666	-	-	246,812	4,966,388
Credit commitments	6,687,605	7,291,098	-	-	-	13,978,703

Government of Jamaica US$ indexed bonds are included in the US$ category for currency risk disclosure.

44. Financial Risk Management (Continued)

(c) **Market risk (Continued)**

(i) **Currency risk (Continued)**

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and the Bank have significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group					
	% Change in Currency Rate	Effect on Net Profit	Effect on Equity	% Change in Currency Rate	Effect on Net Profit	Effect on Equity
	2008	2008 $'000	2008 $'000	2007	2007 $'000	2007 $'000
Currency:						
USD	5%	319,728	370,927	5%	258,029	304,260
GBP	5%	(3,822)	(1,540)	5%	14,351	16,508
CAN	5%	2,298	2,298	5%	280	280

	The Bank					
	% Change in Currency Rate	Effect on Net Profit	Effect on Equity	% Change in Currency Rate	Effect on Net Profit	Effect on Equity
	2008	2008 $'000	2008 $'000	2007	2007 $'000	2007 $'000
Currency:						
USD	5%	140,635	140,635	5%	152,801	152,801
GBP	5%	(9,138)	(9,138)	5%	14,306	14,306
CAN	5%	1,555	1,555	5%	(510)	(510)

(ii) **Interest rate risk**

Interest rate risk arises when the Group's principal and interest cash flows from on and off balance sheet items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatch position. The Group's policy requires that such mismatches are managed. Accordingly, The Board requires that a comprehensive system of limits, gap analysis and stress testing are all used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

44. Financial Risk Management (Continued)

(c) **Market risk (Continued)**

(ii) **Interest rate risk (Continued)**

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the Asset and Liability Committee.

The following tables summarise the Group's and the Bank's exposure to interest rate risk. It includes the Group's and the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Months	2 to 3 Months	4 to 12 Years	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
30 September 2008	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash and balances at Bank of Jamaica	5,893,324	-	-	-	-	9,549,504	15,442,828
Due from other banks	7,790,728	1,639,293	143,888	-	-	5,453,613	15,207,522
Investment securities at fair value through profit or loss	32,245	4,414	52,431	157,646	360,716	309,454	916,906
Reverse repurchase agreements	3,243,059	2,034,075	6,955,158	-	-	346,342	12,578,633
Loans and advances net of provision for credit losses	64,401,857	13,011,901	555,715	3,414,364	156,190	629,369	82,169,396
Investment securities –available-for-sale	20,755,396	35,744,202	24,385,193	27,554,580	40,275,597	4,939,807	153,654,776
Investment in associates	-	-	-	-	-	2,181,407	2,181,407
Other	59,736	-	634,276	-	-	8,307,916	9,001,928
Total assets	102,356,346	52,433,885	32,726,661	31,126,590	40,792,503	31,717,412	291,153,397
Liabilities							
Due to other banks	1,871,598	2,337,176	3,387,783	158,613	405,882	1,877,450	10,038,502
Customer deposits	45,246,789	19,137,203	29,826,588	252,435	21,744	31,615,137	126,099,896
Repurchase agreements	30,037,427	19,839,831	16,279,748	2,376,782	490	1,085,679	69,619,957
Obligations under securitisation arrangements	16,241,335	9,790,754	-	-	-	227,651	26,259,740
Other borrowed funds	1,767,183	1,042,321	146,037	769,964	639,931	1,157,455	5,522,891
Other	16,128,195	333,074	1,232,878	450,590	-	4,155,011	22,299,748
Total liabilities	111,292,528	52,480,359	50,873,034	4,008,384	1,068,047	40,118,383	259,840,735
On balance sheet interest sensitivity gap	(8,936,182)	(46,475)	(17,997,144)	27,118,207	39,724,457	(8,400,972)	31,312,662
Cumulative interest sensitivity gap	(8,936,182)	(8,982,657)	(27,129,029)	(10,823)	39,713,634	31,312,662	

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

	The Group						
	Within 1 Months	2 to 3 Months	4 to 12 Years	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
30 September 2007	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash and balances at Bank of Jamaica	6,754,387	-	-	-	-	8,552,741	15,307,128
Due from other banks	9,067,274	538,404	1,425,502	-	153,030	7,793,759	18,977,969
Investment securities at fair value through profit or loss	10,850	37,622	13,561	94,292	236,292	633,151	1,025,768
Reverse repurchase agreements	4,120,819	2,287,475	4,944,806	-	-	71,930	11,425,030
Loans and advances net of provision for credit losses	49,107,586	12,099	230,643	4,846,700	1,544,000	784,536	56,525,564
Investment securities –available-for-sale	18,389,146	40,717,289	12,534,939	31,354,782	34,281,400	4,652,215	141,929,771
Investment in associates	-	-	-	-	-	2,034,921	2,034,921
Other	-	-	-	-	-	6,957,203	6,957,203
Total assets	87,450,062	43,592,889	19,149,451	36,295,774	36,214,722	31,480,456	254,183,354
Liabilities							
Due to other banks	2,862,070	1,026,537	843,173	-	-	45,807	4,777,587
Customer deposits	48,681,386	17,043,645	23,550,343	233,943	366,864	28,641,870	118,518,051
Repurchase agreements	23,777,238	13,471,137	11,660,792	2,335,298	-	60,702	51,305,167
Obligations under securitisation arrangements	15,711,923	10,389,101	-	-	-	308,809	26,409,833
Other borrowed funds	21,813	1,179,653	189,546	3,396,557	139,719	56,547	4,983,835
Other	13,554,056	474,053	1,276,362	301,758	-	4,028,626	19,634,855
Total liabilities	104,608,486	43,584,126	37,520,216	6,267,556	506,583	33,142,361	225,629,328
On balance sheet interest sensitivity gap	(17,158,424)	8,763	(18,370,765)	30,028,218	35,708,139	(1,661,905)	28,554,026
Cumulative interest sensitivity gap	(17,158,424)	(17,149,661)	(35,520,426)	(5,492,208)	30,215,931	28,554,026	

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

	The Bank						
	Within 1 Months	2 to 3 Months	4 to 12 Years	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
30 September 2008	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and balances at Bank of Jamaica	5,890,272	-	-	-	-	9,549,504	15,439,776
Due from other banks	7,672,319	1,574,783	-	-	-	5,450,553	14,697,655
Reverse repurchase agreements	1,010,209	217,437	-	-	-	5,002	1,232,648
Loans and advances net of provision for credit losses	64,179,279	13,011,901	538,706	3,358,812	-	629,370	81,718,068
Investment securities – available-for-sale	11,837,423	21,850,476	14,219,888	15,306,900	19,342,275	3,285,676	85,842,638
Investments in subsidiaries	-	-	-	-	-	1,609,609	1,609,609
Investments in associates	-	-	-	-	-	471,534	471,534
Other	-	-	-	-	-	6,835,659	6,835,659
Total assets	90,589,502	36,654,597	14,758,594	18,665,712	19,342,275	27,836,906	207,847,587
Liabilities							
Due to other banks	2,292,927	2,337,176	3,387,783	158,613	405,882	1,877,450	10,459,831
Customer deposits	45,919,356	18,295,103	27,903,587	51,489	-	31,615,137	123,784,672
Repurchase agreements	8,107,452	5,184,802	4,046,053	2,355,564	-	207,804	19,901,675
Obligations under securitisation arrangements	16,241,946	9,790,754	-	-	-	227,040	26,259,740
Other borrowed funds	-	876,033	6,561	769,668	639,931	38,135	2,330,328
Other	-	104,753	-	-	-	4,502,280	4,607,033
Total liabilities	72,561,681	36,588,621	35,343,984	3,335,334	1,045,813	38,467,846	187,343,279
On balance sheet interest sensitivity gap	18,028,822	65,975	(20,585,390)	15,330,378	18,296,462	(10,630,462)	20,504,308
Cumulative interest sensitivity gap	18,028,822	18,093,797	(2,491,593)	12,838,784	31,135,247	20,504,308	

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

	The Bank						
	Within 1 Months	2 to 3 Months	4 to 12 Years	2 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
30 September 2007	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash and balances at Bank of Jamaica	6,320,225	-	-	-	-	8,552,742	14,872,967
Due from other banks	9,423,188	185,339	-	-	-	7,754,441	17,362,968
Reverse repurchase agreements	1,845,246	-	-	-	-	2,227	1,847,473
Loans and advances net of provision for credit losses	49,099,589	11,656	223,220	4,749,132	1,322,516	777,060	56,183,173
Investment securities – available-for-sale	10,689,907	24,306,578	4,880,687	20,165,961	18,334,280	2,988,471	81,365,884
Investments in subsidiaries	-	-	-	-	-	1,606,017	1,606,017
Investments in associates	-	-	-	-	-	471,534	471,534
Other	-	-	-	-	-	5,732,937	5,732,937
Total assets	77,378,155	24,503,573	5,103,907	24,915,093	19,656,796	27,885,429	179,442,953
Liabilities							
Due to other banks	2,888,428	1,026,537	843,173	-	-	45,807	4,803,945
Customer deposits	48,055,388	16,083,085	24,377,615	47,649	-	28,592,708	117,156,445
Repurchase agreements	3,691,563	1,351,956	-	2,282,150	-	55,596	7,381,265
Obligations under securitisation arrangements	15,711,923	10,389,101	-	-	-	308,809	26,409,833
Other borrowed funds	21,813	1,179,653	189,546	770,283	139,719	35,159	2,336,173
Other	-	77,242	-	-	-	3,292,154	3,369,396
Total liabilities	70,369,115	30,107,574	25,410,334	3,100,082	139,719	32,330,233	161,457,057
On balance sheet interest sensitivity gap	7,009,040	(5,604,001)	(20,306,427)	21,815,011	19,517,077	(4,444,804)	17,985,896
Cumulative interest sensitivity gap	7,009,040	1,405,039	(18,901,388)	2,913,623	22,430,700	17,985,896	

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The table below summarises the effective interest rates by major currencies for financial instruments of the Group and the Bank.

	The Group				The Bank			
	J$	**US$**	**CAN$**	**GBP**	**J$**	**US$**	**CAN$**	**GBP**
30 September 2008	%	%	%	%	%	%	%	%
Assets								
Cash and balances at Bank of Jamaica	1.0	2.4	2.4	4.1	1.0	2.4	2.4	4.1
Due from other banks	-	2.8	3.5	4.9	-	3.0	3.5	4.9
Investment securities at fair value through profit or loss – debt securities	-	-	-	-	-	-	-	-
Reverse repurchase agreements	14.2	8.2	-	-	11.9	5.7	-	-
Loans and advances	21.9	8.4	5.4	-	21.9	8.4	5.4	-
Investment securities – available-for-sale debt securities	13.9	8.0	-	8.0	12.8	8.4	-	8.0
Liabilities								
Due to other banks	9.3	4.4	-	-	9.3	4.4	-	-
Customer deposits	4.3	3.1	1.3	1.8	4.3	2.9	1.3	1.8
Repurchase agreements	13.5	5.7	-	-	13.8	5.3	-	-
Obligations under securitisation arrangements	-	5.8	-	-	-	5.8	-	-
Other borrowed funds	11.5	5.6	-	-	10.5	6.3	-	-

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The table below summarises the effective interest rates by major currencies for financial instruments of the Group and the Bank.

	The Group				The Bank			
	J$	US$	CAN$	GBP	J$	US$	CAN$	GBP
30 September 2007	%	%	%	%	%	%	%	%
Assets								
Cash and balances at Bank of Jamaica	1.0	4.4	3.4	4.5	1.0	4.4	3.4	4.5
Due from other banks	-	5.8	4.4	5.3	-	5.7	4.4	5.1
Investment securities at fair value								
through profit or loss – debt securities	13.8	8.9	-	-	-	-	-	-
Reverse repurchase agreements	11.5	6.0	-	-	11.6	6.0	-	-
Loans and advances	22.8	10.1	-	-	22.8	10.1	-	-
Investment securities								
– available-for-sale debt securities	13.0	10.4	-	7.9	12.9	10.3	-	7.9
Liabilities								
Due to other banks	9.7	6.6	-	-	9.7	6.7	-	-
Customer deposits	4.3	2.9	1.3	1.6	4.3	2.9	1.3	1.6
Repurchase agreements	11.5	6.2	-	4.1	12.1	6.0	-	-
Obligations under securitisation arrangements	-	6.6	-	-	-	6.6	-	-
Other borrowed funds	9.7	7.5	-	-	9.6	7.5	-	-

44. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's and the Bank's profit and loss account and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	The Group			
	Effect on Net Profit 2008 $'000	Effect on Equity 2008 $'000	Effect on Net Profit 2007 $'000	Effect on Equity 2007 $'000
Change in basis points:				
-200	(1,051,258)	6,679,908	(993,338)	6,817,022
+200	1,061,692	(6,197,114)	1,000,847	(6,139,950)

	The Bank			
	Effect on Net Profit 2008 $'000	Effect on Equity 2008 $'000	Effect on Net Profit 2007 $'000	Effect on Equity 2007 $'000
Change in basis points:				
-200	(622,717)	3,350,926	(448,614)	3,514,180
+200	622,717	(3,350,926)	448,614	(3,514,180)

44. Financial Risk Management (Continued)

(d) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

(i) The Banking segment

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Bank of Jamaica (BOJ), the Credit and Risk Management Division, the Asset and Liability Committee (ALCO) and Basel II as implemented by the BOJ for supervisory purposes. The required information is filed with the respective Authority at the stipulated intervals.

The BOJ requires the Bank to:

- Hold the minimum level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted asset.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and net unrealised loss positions arising from fair value accounting are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on fair valuation of instruments held as available-for-sale.

44. Financial Risk Management (Continued)

(d) Capital management (Continued)

(i) The Banking segment (Continued)

Investments and share of accumulated losses in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 30 September 2008 and 2007. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	The Bank	
	2008	**2007**
	$'000	**$'000**
Tier 1 capital	17,284,459	13,592,491
Tier 2 capital	810,160	556,406
Prescribed deduction – associated companies	(2,176,767)	(2,176,190)
Total regulatory capital	15,917,852	11,972,707
Risk-weighted assets:		
On-balance sheet	83,848,530	65,293,049
Off-balance sheet	24,929,567	17,264,093
Total risk-weighted assets	108,778,097	82,557,142
Tier one capital ratio	16%	16%
Total capital ratio	15%	15%
Required ratio	10%	10%

The increase of the regulatory capital in 2008 is mainly due to the contribution of the current year profit.

44. Financial Risk Management (Continued)

(d) Capital management (Continued)

(ii) The Insurance subsidiary

The insurance subsidiary maintains a capital structure consisting mainly of shareholders' funds consistent with the Bank's profile and the regulatory and market requirements. The insurance subsidiary is subject to a number of regulatory capital tests and also employs scenario testing on an annual basis to assess the adequacy of capital. The insurance subsidiary has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency are measured using the regulations prescribed by the Financial Services Commission (FSC). These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the insurance subsidiary.

The relevant capital requirement is the Minimum Continuing Capital Surplus Ratio (MCCSR) determined in accordance with the FSC regulations. This ratio is calculated by the Appointed Actuary and reviewed by executive management, the audit committee and the Board of Directors. This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. The FSC currently requires a minimum ratio of 150%. Companies that operate with a comparable formula and which are seen as financially strong tend to set targets for capital in the range of 180%-215%. The company has set an internal target ratio of 200%. As at 31 December 2007, the MCCSR was measured at 514% (2006 – 538%).

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

Dynamic capital adequacy testing (DCAT)

DCAT is a technique used to assess the adequacy of an insurer's financial position and financial condition in different future economic and policy experience scenarios. DCAT assesses the impact over the next 5 years on the insurer's financial position and financial condition under specific scenarios.

The financial position of an insurer is reflected by the amounts of assets, liabilities and equity in the balance sheet at a given date.

The financial condition of an insurer at a particular date is its prospective ability at that date to meet its future obligations, especially obligations to policyholders, those to whom it owes benefits and to its shareholders.

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

44. Financial Risk Management (Continued)

(d) Capital management (Continued)

(ii) The Insurance subsidiary (Continued)

The results of the latest DCAT are as follows.

The DCAT conducted has not tested any correlation that may exist between assumptions. The following table represents the sensitivity of the MCCSR and the Insurance Risk Reserve in each of the above scenarios:

		2008		2007	
	Variable	MCCSR	Change in Liability	MCCSR	Change in Liability
Worsening rate of lapses	+3% for 5 yrs	421%	255,111	587%	791,188
High interest rates	+500 bp for 5 yrs	744%	(5,911,966)	661%	(6,935,531)
Low interest rates	-500 bp for 5 yrs	449%	1,158,164	434%	1,458,488
Worsening of mortality	-3% for 5 yrs	600%	202,879	586%	461,574
Higher expenses	+5% for 5 yrs	488%	1,242,685	376%	2,044,269
No sales growth	+0% for 5 yrs	645%	54,381	643%	544,235
High sales growth	+50% for 5 yrs	578%	(5,370)	541%	(823,192)
Extreme lapse and termination rates	x3 for 5 yrs	0%	1,184,043	566%	1,975,943
Fall in interest rates to 7%	-6% for 5 yrs	178%	3,888,013	232%	4,641,739

30 September 2008 (expressed in Jamaican dollars unless otherwise indicated)

44. Financial Risk Management (Continued)

(d) Capital management (Continued)

(iii) NCB Capital Markets

The company is regulated by the Financial Services Commission (FSC) and is subjected to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements the company is able to offer to clients. In addition to the requirements of the FSC, the company also engages in periodic internal testing which is reviewed by the Risk and Compliance Unit. Capital adequacy is managed at the operational level of the company.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as available for sale.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to tests capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are 'Capital over Total Assets' and the 'Capital Base over Risk Weighted Assets (RWA)'. The results of these ratios at 30 September 2008 and the comparatives for 30 September 2007 are highlighted in the table below:

	FSC Benchmark	2008	2007
Capital Base / Total Assets	Greater than 6%	11.17%	14.09%
	Early Warning: 14%		
Capital Base / RWA	Minimum 10%	67.86%	53.94%
Tier 1 Capital / Capital Base	Greater than 50%	99.86%	99.86%

The capital position is sensitive to changes in market conditions. This sensitivity is due primarily to changes in the value of assets and liabilities resulting from changes in interest rates.

There was no change in relation to how the company manages its' capital during the financial year. During the year the company met all the requirements of the FSC relating to capital adequacy.

45. Fair Values Of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) Investment securities at fair value through profit or loss, derivatives and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount for these items;

(b) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(c) The fair value of liquid assets and other assets maturing within one year (Cash and Balances at Bank of Jamaica, Due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(d) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(e) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and

(f) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

The fair values of the investments in associates and obligations under securitisation arrangements are disclosed in Notes 24 and 32, respectively. The fair values for all other financial instruments approximate their carrying values.

46. Banking Act

(i) At 30 September 2008 and 30 September 2007, the Bank was in breach of Section 13(1)(d) of the Banking Act. This section deals with unsecured lending to connected persons. These lendings represent approximately 0.089% (2007 - 0.073%) of the Bank's loans and advances.

(ii) The Bank was in breach of Section 13(1)(f)(i) of the Banking Act. This section deals with the granting of credit facilities to any one person (not being another bank) in excess of 20% of the Bank's Capital Base, and in relation to the aforementioned credit facilities, grant any unsecured portion in excess of 5% of the Bank's Capital Base.

(iii) The Bank is in breach of Section 13(1)(b)(i) of the Banking Act prohibiting the acquisition of property for purposes other than banking business or staff housing. These properties were formerly utilised as branches and though management has made efforts to dispose of them, to date, no purchasers have been found.

47. Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	The Group		The Bank	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Authorised and contracted	102,027	290,961	102,027	290,961
Authorised but not yet contracted	240,654	358,712	240,654	358,712
	342,681	649,673	342,681	649,673

48. Pledged Assets

	The Group		The Bank	
	Asset	Related Liability	Asset	Related Liability
	$'000	$'000	$'000	$'000
Balances at Bank of Jamaica	11,724,910	-	11,724,910	-
Due from other banks	1,425,556	1,557,075	1,425,556	1,557,075
Securities	85,791,716	68,387,816	25,120,735	18,669,534
Property, plant and equipment	114,628	156,962	114,628	156,962

Assets are pledged as collateral for repurchase agreements, loans from other institutions, possible shortfall in the Bank of Jamaica operating account, security deposits relating to stock exchange membership and in accordance with the Insurance Regulations. Assets are also pledged to third parties under various other agreements.

Statutory reserves are also held with the Bank of Jamaica. These deposits are not available to finance the Group's day-to-day operations.

49. 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 2008, the Group had financial assets under administration of approximately $39,500,000,000 (2007 - $35,100,000,000).

50. Dividends

On 3 November 2008, the Board declared a final interim dividend in respect of 2008 of $0.40 per ordinary stock. The dividend is payable on 1 December 2008 for stockholders on record as at 18 November 2008. The financial statements for the year ended 30 September 2008 do not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the year ending 30 September 2009.

51. Litigation And Contingent Liabilities

Litigation

The Bank and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by a customer of the Bank against the Attorney General of Jamaica, the Bank and Mr. Dunbar McFarlane. The customer is claiming damages arising out of an alleged breach of a contract between the customer and the National Insurance Fund of which Mr. Dunbar McFarlane, a former director of the Bank, was Chairman, for the sale of certain premises which were mortgaged to the Bank. The customer also claims special damages amounting to approximately $110 million. No provision has been made in the financial statements as the Bank's attorneys are of the opinion that the plaintiff's claims against Mr. McFarlane and the Bank are unlikely to succeed.

(b) Suit has been filed by the Bank's Staff Association against the Bank and Trustees of the N.C.B. Pension Scheme for breach of trust in respect of matters concerning the amendment and merger of the former pension funds, as well as the management and investment of the funds of the pension scheme. On 20 June 2008 Judgment was handed down in this matter in the Supreme Court in favour of the Bank and other Defendants. The Bank was ordered to pay to the Trustees of the 1975 Pension Fund all monies required to satisfy the contributions required of it under that scheme for the period 1 October 1999 to 16 May 2000. A provision has been made in the financial statements.

(c) Suit has been filed by the Bank's Staff Association against the Bank seeking various declarations regarding the Bank's profit sharing scheme. The Association has not quantified the claim. No provision has been made in the financial statements as the Bank's attorneys are of the opinion that the suit against the Bank is unlikely to succeed.

51. Litigation And Contingent Liabilities (Continued)

Litigation (Continued)

(d) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision has been made in these financial statements for this claim as the Bank's attorneys are of the view that the suit against the Bank is unlikely to succeed.

(e) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's alleged negligence in relation to the sale of property. The proper value of the property, which had been owned by the customer, is in issue, along with the amount properly to be applied to the customer's loan balance. Based on the advice of the Bank's attorneys, a provision has been made in the financial statements in respect of this claim.

(f) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and Manager of the customer's business property and assets. Damages, interest and costs have been claimed against the Bank. The Bank's attorneys ae unable to determine the oucome of the suit and no provision has been made in the financial statements.

(g) Suit has been filed against the Bank by customers seeking declarations and damages as compensation for breach of contract/ statutory duties in connection with facilities the customers have with the Bank. The claim for damages is approximately $166 million. Based on the advice of the Bank's attorneys, no provision has been made in the financial statements.

(h) Suit has been filed by a customer against the Bank seeking various declarations and injunctions to prevent the Bank from closing its accounts. Damages, interest and costs have also been claimed against the Bank. No provision has been made in the financial statements as the Bank's Attorneys are of the opinion that the suit against the Bank is unlikely to succeed.

(i) A number of other suits claiming damages in excess of $5 million each have been filed by customers of the Bank. The sums total approximately $30 million. In some instances counter claims have been filed by the Bank. Provision has been made in the financial statements for certain of these claims. No provision has been made where the Bank's attorneys are of the view that the Bank has a good defense.

52. Acceptances, Guarantees, Indemnities and Letters Of Credit

As at 30 September 2008, the Bank has made commitments for off-balance sheet financial instruments (acceptances, guarantees, indemnities and letters of credit) amounting to $4,214,990,000 (2007 - $4,966,388,000). There is an equal and offsetting claim against customers in the event of a call on these commitments.

SHAREHOLDINGS

10 LARGEST SHAREHOLDERS as at September 30, 2008	Units	Percentage Ownership
AIC Barbados Limited	1,525,673,946	61.85
AIC Global Holdings Inc/Holding	100,619,503	4.08
Advantage General Insurance Co. Ltd.	49,430,043	2.00
LOJ PIF Equity Fund	48,588,765	1.97
N.C.B. INSURANCE CO. LTD WT 109	45,874,302	1.86
Ideal Portfolio Services Company Limited	28,944,052	1.17
MF&G Trust and Finance Limited A/c # 528	27,087,471	1.10
FCIB (BARBADOS) LIMITED A/C C1191	26,775,415	1.08
T&T Unit Trust Corporation - Fus.	18,250,000	0.74
National Insurance Fund	16,911,712	0.68

SHAREHOLDINGS OF DIRECTORS* as at September 30, 2008	
Robert Almeida	154,082,126
Wayne Chen	1,527,399,723
Dr. Nigel Clarke	15,709
Dennis G. Cohen	49,519,523
Sandra Glasgow	70,509
Hon. Noel A.A. Hylton, OJ, CD	14,044
Patrick Andrew Hylton, CD	467,698
Hon. Michael Lee-Chin, OJ	1,681,388,553
Donovan Lewis	80,155,448
Thalia Lyn	41,664
Prof. Alvin Wint	24,044

SHAREHOLDINGS OF LEADERSHIP TEAM* as at September 30, 2008	
Rickert George Allen	113,696
Septimus ‘Bob’ Blake	10,050
Ffrench Campbell	57,660
Yvonne Clarke	67,871
Dennis G. Cohen	49,519,523
Jennifer Dewdney Kelly	33,694
Dave Garcia	10,000
Ann-Marie Hamilton	Nil
Patrick Andrew Hylton, CD	467,698
Alison Nadine Lynn	Nil
Sheree Martin	12,175
Kerry O’Sullivan	133,732
Peter Quinn	Nil
Marjorie Seeberan	69,899
Audrey Tugwell Henry	Nil
Christopher Williams	56,643
Mukisa Wilson Ricketts	Nil
Allison Wynter	235,121

* Include shares held by connected persons/parties

NCB SUBSIDIARIES

NCB Capital Markets Limited

Directors

Patrick Hylton (Chairman)
Christopher Williams (Managing Director)
Michael Ammar (Jr.)
Cecil Batchelor
John L.M. Bell
Septimus (Bob) Blake
Dr. Nigel Clarke
Yvonne Clarke
Dennis Cohen
Shamena Khan
Jennifer Dewdney Kelly (Secretary)

NCB Insurance Company Limited

Directors

Wayne Chen (Chairman)
Christopher Williams (Managing Director)
Yvonne Clarke
Dennis Cohen
Dave Garcia
Ann Marie Hamilton
Patrick Hylton
William Mahfood
Colin McKenzie
Hilary Reid
Milverton Reynolds
Audrey Tugwell Henry
Prof. Alvin Wint
Jennifer Dewdney Kelly (Secretary)

NCB (Cayman) Limited

Directors

Wayne Chen (Chairman)
Phillip Harrison (Managing Director)
Dennis Cohen
Patrick Hylton
Donovan Lewis
Christopher Williams
Prof. Alvin Wint
Jennifer Dewdney Kelly (Secretary)

NCB Remittance Services (Cayman) Limited

Directors

Wayne Chen (Chairman)
Phillip Harrison (Managing Director)
Dennis Cohen
Patrick Hylton
Donovan Lewis
Prof. Alvin Wint
Jennifer Dewdney Kelly (Secretary)

NCB Capital Markets (Cayman) Limited

Directors

Wayne Chen (Chairman)
Phillip Harrison (Managing Director)
Dennis Cohen
Patrick Hylton
Donovan Lewis
Christopher Williams
Prof. Alvin Wint
Jennifer Dewdney Kelly (Secretary)

NCB Remittance Services (Jamaica) Limited

Directors

Prof. Alvin Wint (Chairman)
Darcy Parkins (Managing Director)
Dr. Dillon Alleyne
Septimus (Bob) Blake
Yvonne Clarke
Ronald Graham
Jennifer Dewdney Kelly (Secretary)

NCB Remittance Services (UK) Limited

Directors

Septimus (Bob) Blake
Yvonne Clarke
Dr. Franklyn Johnston
Leonard Mahipalamudali (Manager)
MFG Corporate Services Ltd. (Secretary)

N.C.B. Jamaica (Nominees) Limited

Directors

Yvonne Clarke (Chairman)
Josephine Bennett
Malcolm Sadler
Jennifer Dewdney Kelly (Secretary)

Mutual Security Insurance Brokers Limited

Directors

Dennis Cohen (Chairman)
Josephine Bennett
Diana E. McCaulay
David Williams
Jennifer Dewdney Kelly (Secretary)

West Indies Trust Company Limited

Directors

Wayne Chen (Chairman)
Dennis Cohen
Patrick Hylton
Jennifer Dewdney Kelly (Secretary)

Data-Cap Processing Limited

Directors

Rickert Allen
Josephine Bennett
Ffrench Campbell
Yvonne Clarke
Jennifer Dewdney Kelly (Secretary)

N.C.B. (Investments) Limited

The company is presently dormant.

NCB COMPANY

N.C.B. Foundation

Directors

Thalia Lyn (Chairman)
Sheree Martin (Chief Executive Officer)
Dr. Joy Callender
Yvonne Clarke
Lisa Lakhan-Chen
Diana Oddi
Andrew Pairman
Dr. Diana Thorburn
Irene Walter
Jennifer Dewdney Kelly (Secretary)

CORPORATE LISTING

Corporate Banking
Marjorie Seeberan - General Manager
Brian Boothe - Senior Assistant General Manager (Western Region)
Barbara Hume - Senior Assistant General Manager
Gerald Wight Jnr. - Senior Assistant General Manager
Nadienne Neita - Assistant General Manager
Deryck Russell - Assistant General Manager

Credit & Risk Management
Allison Wynter - General Manager
Lincoln McIntrye - Assistant General Manager

Facilities and Services
Ffrench Campbell - Senior Assistant General Manager
Stacey Hamilton - Manager, Planning, Performance & Special Projects
Jimmy Shaw - Facilities Manager
Glen Findlay - Safety Security and Environmental Manager
Rodney Davis - Purchasing Manager

Financial Control
Josephine Bennett - Assistant General Manager/ Regulatory & Taxation Accountant
Malcolm Sadler - Financial Accountant/ Assistant General Manager

General Counsel
Dave Garcia - General Manager , General Counsel & Special Projects
Lana Smith - Senior Legal Counsel
Nicola Sykes - Legal Counsel
Janelle Muschette Leiba - Legal Counsel

Group Compliance & Company Secretary
Jennifer Dewdney Kelly - Group Chief Compliance Officer & Company Secretary
Fiona Briscoe - Senior Compliance Manager
Misheca Seymour Senior - Compliance Manager & Assistant Company Secretary

Group Human Resources
Rickert Allen - Senior General Manager
Euton Cummings - Assistant General Manager
Sandra Grey - HR Relationship Manager
Ethnie Miller Simpson - Faculty Leadership & Development Advisor

Group Managing Director's Office
Patrick Hylton - Group Managing Director
Dennis Cohen - Deputy Group Managing Director
Yvonne Clarke - Group Chief Financial Officer
Lennox Channer - Assistant General Manager
Pauline Beverley - Group Managing Director's Assistant

Group Marketing & Communications
Sheree Martin - Senior Assistant General Manager
Nicole Walker - Group Marketing Manager
Belinda Williams - Manager, Corporate Communications
Samantha Chantrelle - Projects Manager, N.C.B. Foundation

Information Technology
Peter Quinn - Chief Information Officer
Wayne Lewis - Assistant General Manager, IT Services
Nicole Brown - Assistant General Manager, IT Solutions
Neil Edwards - Manager, Operations
Cecil Williams - Manager, Service Desk & Problem Management

Internal Audit
Mukisa Wilson Ricketts - Chief Internal Auditor
Richard Hines - Manager, Special Investigations

Network Operations
Kerry O'Sullivan - Senior Assistant General Manager
Anne McMorris - Assistant General Manager
Alison Lynn - Assistant General Manager, Centralized Operations
Claudell Robinson - Manager, Customer Care Center

Retail Banking
Audrey Tugwell Henry - Senior General Manager
Carolyn Schwab - Regional Manager, Corporate Area & St. Thomas
Norman Reid - Regional Manager, Cornwall & Manchester
Kingsley Yapp - Regional Manager, Middlesex & Portland
Bernadette Barrow - Assistant General Manager, Small & Medium Enterprises
Claudette Rodriquez - Assistant General Manager, Card Services & e-Channels
Marcia Reid-Grant - Manager, Planning & Performance Mangement
Sharon Williams - Manager, Personal Banking & Service Quality
Darcy Parkins - Managing Director, NCB Remittance Services (Jamaica) ltd.

Treasury & Correspondent Banking
Septimus 'Bob' Blake - General Manager
Tanya Watson - Assistant General Manager, Fixed Income
Peter Higgins - Assistant General Manager, F/X Trading

BRANCH DIRECTORY

ANNOTTO BAY
Main Street
Annotto Bay
St. Mary
996-2213,
996-2219
Doreen Pindling - Manager
Anthony Butler - Operations Manager

BARNETT STREET (Agency)
93 Barnett Street
Montego Bay
St. James
952-6539
Marian Edwards - Officer in Charge

BAYWEST AGENCY & CREDIT CENTRE
Harbour Street
Montego Bay
St. James
952-0077,
952-3640-3
Robert Brooks - Asst. General Manager
Prince Myers - Asst. Manager
Marcia O'Reggio - Operations Manager

BLACK RIVER
13 High Street
Black River
St. Elizabeth
965-2207,
965-9027
Andrea Arscott-Allen - Manager
Lindon Ramsay - Operations Manager

BROWNS TOWN
17 Main Street
Brown's Town
St. Ann
975-2242,
975-2275
Earl Leakey - Manager
Cecile Myers - Operations Manager

BUFF BAY (Agency)
7 Thompson Avenue
Buff Bay
Portland
996-1396-7
Denise Wallace - Officer in Charge

CHAPELTON
Main Street
Chapelton
Clarendon
987-2225,
987-2395
Conroy Ward - Manager
Lorna Robertson - Operations Manager

CHRISTIANA
Main Street
Christiana
Manchester
964-2235,
964-2426
Jeffrey Johnson - Manager
Caroline Calbert - Operations Manager

CROSS ROADS
90-94 Slipe Road
Kingston 5
St. Andrew
926-7420-1,
926-7428-9
Ilyn Thompson - Manager
Marjorie Bish - Operations Manager

DUKE STREET
37 Duke Street
Kingston
Kingston
922-6710-9
922-6732-6
Leroy Harding - Asst. General Manager
Andrew McCalla - Asst. Manager.
Karen Young - Asst. Manager.
Donna Solomon - Operations Manager

FALMOUTH
Water Square
Falmouth
Trelawny
954-3232,
954-3233
Brian Baggoo - Manager
Jean Gaynor - Operations Manager

GRANGE HILL (Agency)
Grange Hill
Westmoreland
955-1400-1
Simone Cooke - Officer in Charge

HAGLEY PARK
211 Hagley Park Road
Kingston 11
St. Andrew
923-5391-5,
923-0560-2
Donna Clarke - Manager
Lourine Martin - Operations Manager

HALF MOON
Half Moon Shopping Village
St. James
953-9281
Phyllis Smith - Manager
Patricia Murray- Reid - Operations Mgr

HALF WAY TREE
94 Half Way Tree Road
Kingston 10
St. Andrew
920-8313,
920-8315
Marva Peynado - Asst. General Manager
Lorna Brown - Asst. Manager
Sharon Gibson - Operations Manager

HARBOUR VIEW
Harbour View Shopping Centre
Kingston 17
Kingston & St. Andrew
928-6361,
928-7513
Avis Andrews - Manager
Karen Mullings - Operations Manager

JUNCTION
Junction P.O.
St. Elizabeth
965-8611,
965-8612
Carlos Gordon - Manager
Angella Carey - Operations Manager

KNUTSFORD BOULEVARD
1-7 Knutsford Boulevard
Kingston 5,
St. Andrew
926-9015-23,
926-1040-9
Stuart Reid - Asst. General Manager
Jennifer Valentine - Asst. Manager
Myretta Skeine - Operations Manager

LINSTEAD
29 King Street
Linstead
St. Catherine
985-2257,
985-9295
Dean Simpson - Manager
Yvonne Stone - Operations Manager

LIONEL TOWN (Agency)
Bustamante Drive
Lionel Town
Clarendon
986-3242,
986-3905
Sheryl Annakie - Officer in Charge

LUCEA
Hanover
956-2204,
956-2348
Jerome Newton - Manager
Evette Moxie-Daley - Operations Manager

MANDEVILLE
6 Perth Road
Mandeville
Manchester
962-2083,
962-2886
Winston Lawson - Manager
Damion Hylton - Assistant Manager
Pamela Harrison - Operations Manager

MANOR CENTRE
195C Constant Spring Rd
Kingston 8
St. Andrew
755-1804
Audrey McIntosh - Manager
Christine Whittingham - Operations Mgr.

MANOR PARK
Manor Park Plaza
184 Constant Spring Road
Kingston 8
St. Andrew
925-9039,
924-1388
Audrey McIntosh - Manager
Christine Whittingham - Operations Mgr.

MATILDA'S CORNER
15 Northside Drive, Northside Plaza,
Kingston 6
St. Andrew
702-2421-3, 977-2534-5
Noel Barker - Manager
Jacqueline Murray - Operations Manager

MAY PEN
41 Main Street
May Pen
Clarendon
986-2343, 986-2411
Peter Jennings - Manager
Barbara Cohen - Asst. Manager

MORANT BAY
39 Queen Street
Morant Bay
St. Thomas
982-2225, 982-2272
Lloyd Richardson - Manager
Natalie Kong - Operations Manager

NEGRIL
Sunshine Village Complex
West End Road
Negril
Westmoreland
957-4117, 957-4119
Wayne Hunter - Manager
Patricia Hudson-Buck - Operations Mgr.

NEWPORT WEST
54 2nd Street
Kingston 11
Kingston
923-9004-5, 923-9011-2
Garfield Palmer - Manager
Joan Guthrie - Operations Manager

OCHO RIOS
40 Main Street
Ocho Rios
St. Ann
974-2522, 974-2580
Kay Earl - Manager
Jennifer Eastwood - Operations Manager

OLD HARBOUR
Old Harbour
St. Catherine
983-2279, 983-2671
Kevin Walker - Manager
Paulette Lewis - Operations Manager

OXFORD PLACE
NCB Towers
2 Oxford Road
Kingston 5
St. Andrew
926-6623-4, 926-6628
Glen Shields - Manager
Patricia Hall -Todd - Operations Manager

PORT ANTONIO
1 Gideon Street
Port Antonio,
Portland
715-5208, 715-5335
Maxine McKenzie - Manager
Janice McKenzie - Operations Manager

PORT MARIA
8 Main Street
Port Maria
St. Mary
994-2219, 994-2551
Marjorie Johnson - Manager
Elza Green - Operations Manager

PORTMORE
13 - 14 West Trade Way, St. Catherine
Portmore Mall
St. Catherine
988-7433-7, 988-5505
Laurie Spencer - Manager
Kevin McDonald - Operations Manager

PRIVATE BANKING
"The Atrium"
32 Trafalgar Road
Kingston 5
St. Andrew
929-7717, 929-8735
Elizabeth Thompson - Manager
Gilbert Bellamy - Asst. Manager
Lorna Jaddoo - Operations Manager

RED HILLS MALL
105 Red Hills Road
Kingston 19
St. Andrew
925-3313, 925-3314
Jacqueline Mighten - Manager
Sharon Tate - Operations Manager

SANTA CRUZ
7 Coke Drive
St. Elizabeth
St. Elizabeth
966-2204, 966-2664
Jacqueline Lucas - Manager
Peta-Gay Rodney - Operations Manager

SAVANNA-LA-MAR
68 Great George Street
Savanna-la-mar
Westmoreland
955-2672, 955-2338-9
Stuart Barnes - Manager
Joan Graveney-Grizzle - Operations Mgr.

SPALDING (Agency)
Spalding
Manchester
964-2268
Ophelia Allen - Officer in Charge

SPANISH TOWN ROAD (Agency)
236 Spanish Town Road
Kingston 11
Kingston & St. Andrew
901-2042, 901-9929
Delroy Morris - Officer in Charge

ST. ANNS BAY
19-21 Main Street
St. Anns Bay
St. Ann
972-2490-1, 972-0722
Donald Wilson - Manager
Paulette Mignott - Operations Manager

ST. JAGO SHOPPING CENTRE
Burke Road
Spanish Town
St. Catherine
984-5604, 984-0672-6
Mark Fletcher - Manager
Marcia Clarke-Palmer - Operations Mgr.

ST. JAMES STREET
41 St. James Street
Montego Bay
St. James
952-6540-9, 952-6112
Robert Brooks - Asst. General Manager
Prince Myers - Asst. Manager
Marcia O'Reggio - Operations Manager

UNIVERSITY (UWI)
Mona Campus
Kingston 7
Kingston & St. Andrew
927-1057, 927-1898
Lavern Francis - Manager
Pauline White - Operations Manager

WASHINGTON BOULEVARD SUPERCENTRE
45 Elma Crescent
Kgn 20
St. Andrew
934-1817, 9341081-21
Lenroy Lewis - Relief Manager
Sandra Chambers-Green - Operations Mgr.

WINDWARD ROAD
89-91 Windward Road
Kingston 2
Kingston & St. Andrew
928-1167, 928-2922
Roxanne Nugent - Officer in Charge

YALLAHS (Agency)
Main Street
St. Thomas
706-1154,
706-3701
Lloyd Richardson - Manager
Natalie Kong - Operations Manager

NCB REMITANCE SERVICES (UK) LIMITED
207 Fernadale Road
Brixton, London
SW9 8BJ
0207-346-8878
Leonard Mahipalamudali - Manager

NCB REMITTANCE SERVICES (CAYMAN) LIMITED
P.O. Box 31120
Cayman Centre
Unit 1 Building E
Owen Roberts Drive
George Town, Grand Cayman
KY1-1205
345-949-8002
Phillip Harrison - Managing Director

embracing **excellence**

NATIONAL COMMERCIAL BANK
JAMAICA LIMITED

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