ANNUAL REPORT **2013**

PUT YOUR BEST **LIFE** FORWARD

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

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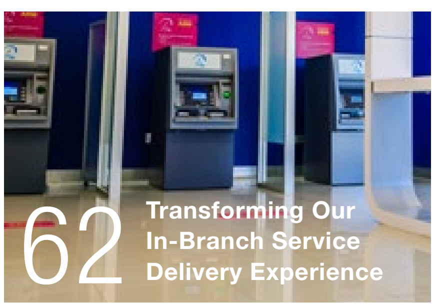
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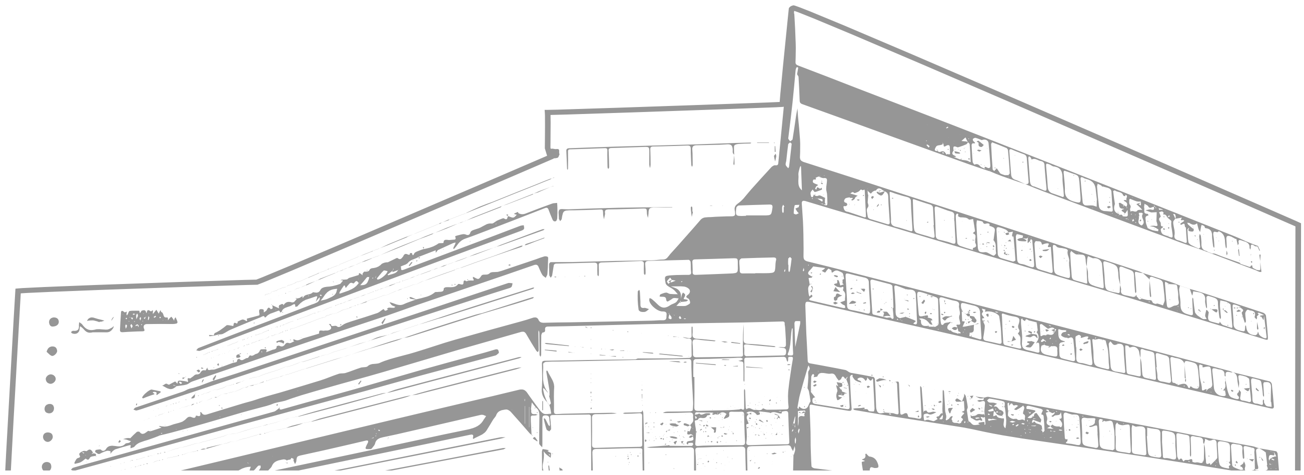
Our Vision

To be the premier Caribbean financial institution delivering superior products and services to satisfy the needs of our customers while developing our employees and building the communities we serve.

To live your best life, you have to plan for it.

Whatever your goals,
NCB through **innovation**,
expertise and **strength**, will
ensure that you can always...

PUT YOUR BEST **LIFE** FORWARD



Brand Pillars

Innovation

At NCB, we are constantly striving to improve the financial solutions we offer, in order 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 and better service delivery.

Expertise

NCB professionals possess expert knowledge in their respective areas of our business. Equally important, we foster superior customer relationship management skills that engender 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 financial practices, while embracing our role as a responsible corporate citizen.

Core Values

We hold a deep and abiding **respect** for each customer, every colleague in our companies, and all our shareholders.

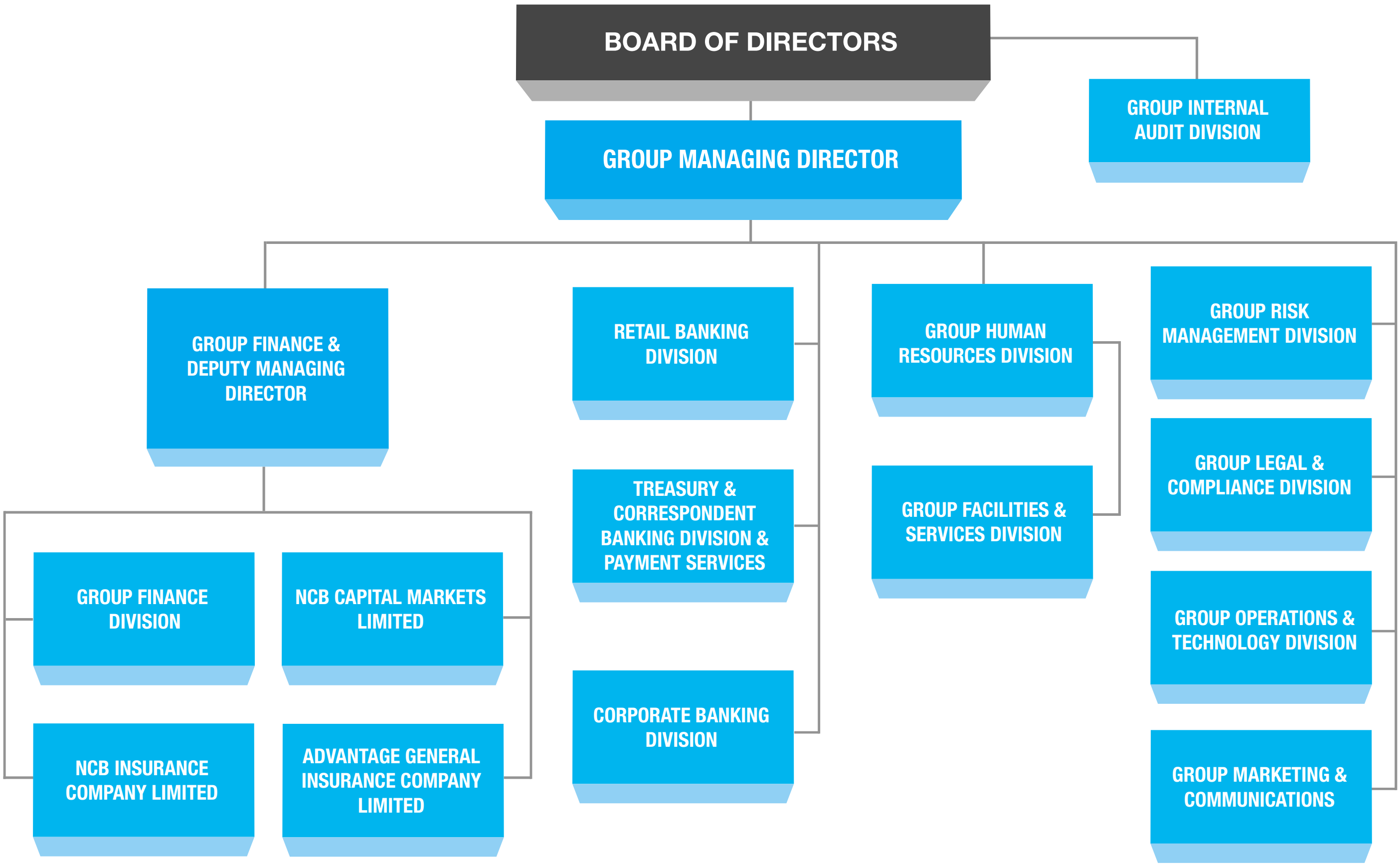
We commit to find new, practical and innovative ways to make the term **excellent service** more relevant to each customer – every day.

We commit to the relentless renewal of our enterprise through the **constant training** of our people at all levels.

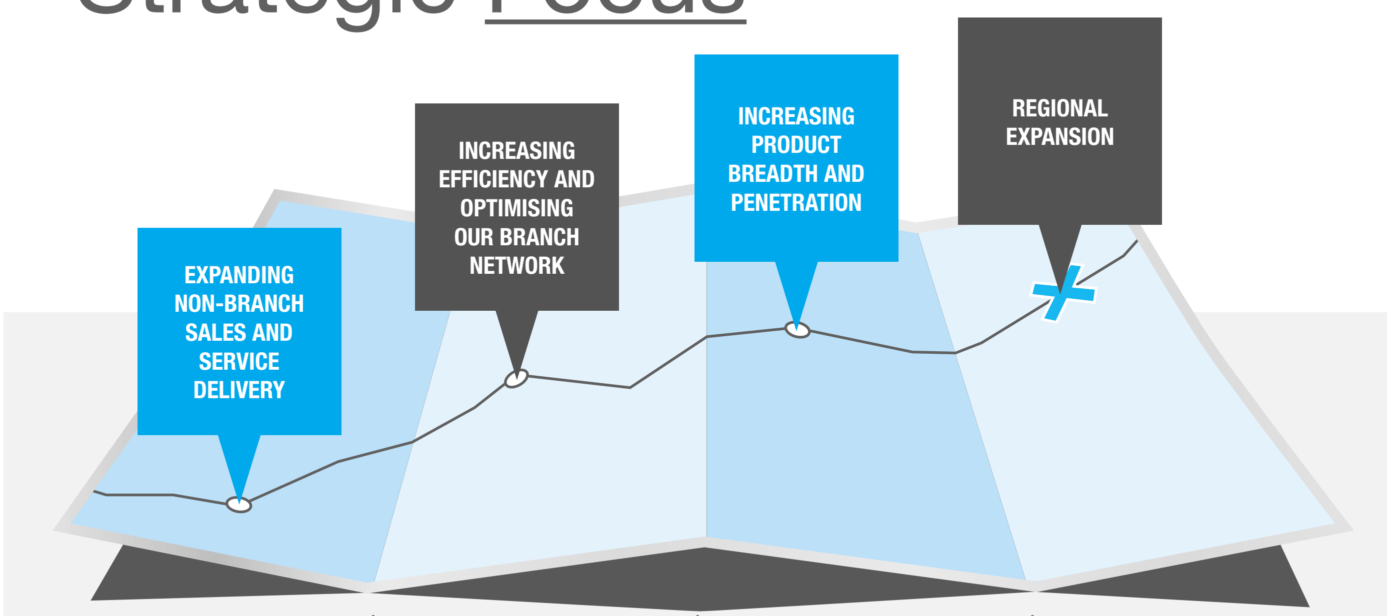
In our merit-based culture, individual **reward** and **recognition** will be a result of measured **performance**.

We treat all competitors as noble, but we will **compete fairly** and vigorously to win.

Organisational Chart



Strategic Focus



To improve our customers' service experience through increased convenience and control of their financial transactions.

To reduce our operating expenses while improving our productivity and customer service experience.

Through expanding our product offerings and increasing their penetration within our customer base.

By identifying opportunities to grow within the Caribbean region and leveraging our strong brand positioning.

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 Mona Visitors' Lodge & Conference Centre, Mona, Kingston 7 in the parish of Saint Andrew on Thursday, February 27, 2014 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, 2013 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted.”

2. **Declaration of Dividend**

   “THAT the interim dividends per stock unit of $0.23 paid in March 2013, $0.16 paid in May 2013, $0.08 paid in August 2013 and $0.16 paid in December 2013 be treated on the recommendation of the Directors as the final dividend for the financial year ended September 30, 2013.”

3. **Election of Directors**

   Article 95 of the Company’s Articles of Incorporation 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 **Hon. Michael Lee-Chin, OJ, Mr Wayne Christopher Chen** and **Mr Robert Wilfred Almeida** and, being eligible, offer themselves for re-election.

   The proposed resolutions are therefore as follows:

   (i) "THAT Director, MR MICHAEL LEE-CHIN, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

   (ii) "THAT Director, MR WAYNE CHRISTOPHER CHEN, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

   (iii) "THAT Director, MR ROBERT WILFRED ALMEIDA, retiring pursuant to Article 95 of the Articles of Incorporation be and is hereby re-elected."

4. **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, 2014, 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."

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

   "THAT 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."

6. 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/her 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 13th day of **JANUARY 2014**
BY ORDER OF THE BOARD

Dave L. Garcia
COMPANY SECRETARY

Our Business in Brief

An organisation operating under the strategic brand pillars of Innovation, Expertise and Strength, National Commercial Bank Jamaica Limited (NCB) has made significant contributions towards the development of Jamaica and continues to be instrumental in revolutionizing the nation's banking system. With over 175 years of experience in the financial services industry, NCB serves Jamaicans, at home and abroad, through our diversified and unique suite of product and service offerings, extensive branch network and our convenient eBanking platform and continues to provide practical financial solutions for individuals, families, entrepreneurs, professionals and companies. Our highly competitive and relevant product and service offerings include: chequing and savings accounts, personal and business credit card facilities, personal and commercial loans, insurance, wealth management services and are supported by our internet banking – www.jncb.com, telephone banking, our toll-free 24/7 Customer Care Centre at 1-888-NCB-FIRST (622-3477), along with our newly introduced self-service areas.

We remain focused on delivering sustainable returns to all our stakeholders and as a fundamental aspect of our growth strategy have begun to diversify our assets and risks through supplementing our organic growth strategies with the pursuit of inorganic growth opportunities. Through this we have further expanded our suite of offerings allowing us to deliver the ultimate customer experience while combining security, ease and convenience and ultimately, increased value to our customers who are now able to access additional financial services more conveniently. The complete financial service offerings as well as our corporate social responses are accessible through our diversified portfolio of companies, namely:

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

National Commercial Bank Jamaica Limited provides an array of products & services to meet the banking needs of customers; deposit accounts, unsecured and secured loans, credit cards, overdraft lines, foreign exchange, personal and private banking services are part of the offerings.

CAPITAL MARKETS LIMITED

NCB Capital Markets Limited is the wealth and asset management arm of the NCB Group, offering securities and stock brokerage services. Through **NCB Capital Markets (Cayman) Limited**, similar services are extended in the Cayman Islands.

INSURANCE COMPANY LIMITED

NCB Insurance Company Limited offers solutions to meet the insurance, long-term investment, and pension needs of individuals and group clients.

CAYMAN LIMITED

NCB (Cayman) Limited provides banking and trust services from the Cayman Islands.

Advantage General INSURANCE COMPANY Limited
Our reliability is your peace of mind

Advantage General Insurance Company Limited is wholly owned by NCB Capital Markets Limited and is the island's largest general insurance company providing reliable, efficient general insurance services.

FOUNDATION

NCB regards critically its role as a leading socially responsible corporate citizen and through its strategic philanthropic arm, the **N.C.B. Foundation**, continues to significantly impact lives, focusing on education, community development, youth leadership and entrepreneurship.

Performance Highlights

Five years of progress	2008	2013
GROSS INCOME ($ billions)	39.3	48.9
OPERATING INCOME ($ billions)	24.8	38.0
ASSETS ($ billions)	291.2	446.6
EQUITY ($ billions)	31.3	72.5
EQUITY TO TOTAL ASSET RATIO (%)	10.75	16.22
NET LOANS ($ billions)	82.2	141.2
CUSTOMER DEPOSITS ($ billions)	126.1	178.4
NET LOANS TO CUSTOMER DEPOSITS RATIO (%)	65.16	79.12

Business Highlights


01

05


09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CEMENTING OUR REPUTATION **01 HRMAJ:** For the third consecutive year, NCB was the recipient of the Human Resource Management Association of Jamaica's (HRMAJ) Golden Leader Award for Innovation. <L-R> Sandra Grey, HR Relationship Manager > Akilah Richards, HR Officer > Nicole Downie, Manager, Talent Management and Rickert Allen, Senior General Manager, Group Human Resources are all smiles with their three Golden Leader Awards! **02 JEA:** Focused on enabling easier access to financing for our local industries, NCB, for the seventh consecutive year, was awarded winner of the Best Support Services – Financial category by Jamaica Exporters' Association (JEA). <L-R> Bernadette Barrow, Assistant General Manager, SME proudly accepts the award for 'Best Financial Services Group' from Lynden Nugent, Vice President, Jamaica Exporter's Association. **03 TCBD:** In recognition of achieving a 95.28% straight through processing rate for payments, our Treasury & Correspondent Banking Division (TCBD) was awarded by the Bank of New York Mellon (BONY). <L-R> Kerry Anne Anderson, Financial Institutions Relationship Officer > Jean Pierre St. Victor, Managing Director & Client Executive, Treasury Services, Bermuda & The Caribbean Region, BONY > Karen Watson, Financial Institutions Relationship Manager > Dino Sani, Managing Director & Head, Treasury Services, Latin America, BONY > Andrea Gordon, Manager, Centralized Operations > Marsha Lobban, Supervisor, Centralized Operations. **04 JSE:** For the fourth consecutive year, NCB was awarded the Jamaica Stock Exchange Governor General's Award for the maintenance of international best practices in business. <L-R> Dennis Cohen, Group Finance and Deputy Managing Director accepts the Governor General's Award for Excellence from Hon. Steadman Fuller, Custos of Kingston. # DEVELOPING BUSINESSES **05 Auto Dealers:** As a show of appreciation for the continued support of our auto dealer partners, NCB recognised members of the industry at the annual Auto Dealers' Awards Cocktails. <L-R> Marcia Reid-Grant, Assistant General Manager, Retail Banking Division presents Garcia Thomas, Toyota sales

supervisor with the award for the Top New Car Dealer for 2011-2012. **06 Merchant Fraud Seminar:** Customer education remains fundamental as we arm our merchants with knowledge so that they are able to mitigate fraudulent activities. With the lowest fraud to sales ratio, National Self Serve Wholesale was recognised at a seminar. <L-R> Claudette Rodriguez, Assistant General Manager, Payment Services presents the award to Roniqueca McFarlane-Thompson. **07 IDB Signing:** NCB signed a Technical Cooperation Agreement partnership with the Inter-American Development Bank (IDB) in support of the SME sector, committing over US $500,000 to the project. <L-R> Gerard Johnson, IDB General Manager > Nadeen Matthews, Senior Assistant General Manager - Strategy, Group Marketing & Communications > Patrick Hylton, Group Managing Director and Audrey Tugwell Henry, Senior General Manager, Retail Banking Division. **08 IDB Launch:** In recognition of this strategic partnership a press launch was hosted. <L-R> Patrick Hylton, Group Managing Director > Audrey Tugwell Henry, Senior General Manager, Retail Banking Division > Chris Zacca, President, Private Sector Organisation of Jamaica and Harold Arzu, Operations Senior Specialist, IDB paused for a photo during the event. **09 NBA Winner:** Gray's Pepper Factory Limited was the recipient of the NCB Nation Builder Award. <L-R> Patrick Hylton, Group Managing Director, presents the award to Andrew Gray, CEO.

 # ENCOURAGING OUR YOUTH **10 Tennis:** For the second year, NCB Capital Markets hosted its Tennis Open with local and international players vying for JMD$1.5M worth of prizes. In attendance was Tim Smyczek <2nd Left>, American professional tennis player, as well as Hayden Lewis <Far Right>, Bajan winner of the previous year's tournament, who hosted a 45-minute tennis clinic for the children, as well as clients of NCB Capital Markets Limited. **11 BIG BABY SHOWER:** As co-sponsors of this event, NCB hosted the 'Jamaica's Cutest Kid Photo Contest'. The parents whose photo received the most votes won gift certificates from Baby Bop Kids Store and NCB Omni Educator. <L-R> Baby Jariq, winner of the contest, with parents, Jennissa DeShield and Richie Yong-Sinclair, and Antonio Spence, Regional Manager - NCB Insurance Company Limited. **12 SPORTING CLAYS:** For the second year, NCB Capital Markets hosted its Junior Sporting Clays Tournament. Kerry-Ann Spencer, Regional Manger - Region 1 and Corporate Clients, presents the award to Jack Looney, who won first place in category A. **13 Staff Volunteerism:** Through NCB Foundation's Scholarship programme, NCB has assisted many students to accomplish their dreams for higher education while acting as mentors, forming close bonds with these students. <L-R> Trudy-Ann Johnson, NCB Foundation Scholarship recipient, Portland Parish Champion 2008 > Dwight Hyde, UWI Branch Manager > Monique Thompson, Best Overall Student in Internal Medicine; Best Clinical Performance; General Surgery Prize; Dr. the Hon. John Hall Prize and Best Overall Performance, University of the West Indies (UWI), Mona and Professor Horace Fletcher, Dean, Faculty of Medical Sciences, UWI. **14 Spelling Bee:** NCB was again a proud sponsor of the Gleaner National Spelling Bee. As part of this sponsorship, the Champion Boy was rewarded with a laptop and a $50,000 scholarship grant, courtesy of NCB Foundation. <L-R> Rev. Glen Archer, Spelling Bee Coach, Ardenne High School > Nadine Molloy Young, Principal, Ardenne High School > Christian Allen, Spelling Bee Champion Boy; Ardenne High School > Nadeen Matthews, CEO, NCB Foundation and Roger Allen, Christian's father.

Performance Highlights

Five years of progress | 2008 | 2013

Indicator	2008	2013
FUNDS UNDER MANAGEMENT [NCBCM] ($ billions)	54.7	99.0
LIABILITIES UNDER ANNUITY & INSURANCE CONTRACTS ($ billions)	16.5	33.9
LOAN INCOME TO INTEREST INCOME RATIO (%)	35.63	50.60
BOOK VALUE PER SHARE ($)	12.72	29.44
NO. OF AUTOMATED BANKING MACHINES	166	173
NO. OF POINT OF SALE TERMINALS	8,255	13,089
NO. OF ONLINE BANKING USERS	39,783	93,580

Business Highlights Cont'd

FORGING STRATEGIC PARTNERSHIPS **15 Chairman's Forum:** NCB continued its support of the Private Sector Organisation of Jamaica (PSOJ) through its sponsorship of the Chairman's Forum. <L-R> Dennis Chung, CEO, PSOJ > Bernadette Barrow, Assistant General Manager - SME > Dr. Claire Nelson, Founder and President of the Institute of Caribbean Studies (ICS) > Edward Gabbidon, VP Corporate and SME Sales, LIME and Christopher Zacca, President, PSOJ. **16 IIA:** The Institute of Internal Auditors (IIA) Jamaica Chapter and the Institute of Chartered Accountants of Jamaica (ICAJ) partnered to host its forum themed "Driving Business Performance through Internal Audit." NCB was a co-sponsor of the event with Dennis Cohen, Group Finance and Deputy Managing Director speaking at the forum. **17 TSYS:** TSYS commemorated its fifteenth year of partnership with NCB. Included in the celebrations: <L-R> Alicia Avila, Associate Director, TSYS > Ying Jiang, Project Manager, TSYS > Paul Rudesheim, International services > Howard Gordon, Senior General Manager, Group Operations and Technology Division and Septimus "Bob" Blake, Senior General Manager, Treasury & Correspondent Banking Division. **18 JCC:** NCB signed on as sponsor of the quarterly release of the Jamaica Conference Board's Business & Consumer Confidence Indices aimed at providing key decision makers with the knowledge and information needed to make better business decisions. <L-R> Lloyd Distant (Jnr), Chairman, JCC > Professor Richard Curtin, Research Professor and the Director of the University of Michigan's Survey of Consumers Department in the US and Lennox Channer, Assistant General Manager - Group Investor Relations, Performance Monitoring & Planning. **19 Rubis:** NCB's Corporate Banking Division finalized a USD$20M loan with RUBIS. To further cement this partnership, NCB participated in Rubis' annual Dealers Summit. <L-R> Dennis Cohen, Group Finance and Deputy Managing Director > Steven Gooden, CEO, NCB Capital Markets Limited > Don Gary, President, Rubis > Patrick Hylton, Group Managing Director > Bernadette Barrow, Assistant General Manager - SME >

Our people, demonstrating **expertise** and **excellence** in representation.

Marjorie Seeberan, General Manager, Corporate Banking Division and Phillip Harrison, Managing Director, NCB (Cayman) Limited. # OUR PEOPLE **20 Sigma:** Team NCB remained committed to giving back and again partnered with PanCaribbean for its annual Sigma Corporate Run. Over 260 staff members participated in the cause, which lent assistance to the development of the Cardiac Programme at the Bustamante Hospital for Children. **21 Pink Day:** In observance of Breast Cancer Awareness Month across the world, NCB showed its support for the Jamaica Cancer Society by wearing pink for the day. <L-R> Mava Cunningham, Administrative Assistant; Misheca Seymour Senior, Legal Counsel, Compliance Manager & Assistant Company Secretary and Patricia Tennant, Compliance Manager, Group Legal and Compliance Division. **22 Wear Red Day:** As promoted by the HEART Foundation of Jamaica, checking for the appropriate hip to waist ratio is a solid indicator of one's heart health. Patrick Hylton, Group Managing Director tests this principle on Belinda Williams, Manager, Group Corporate Communications. Looking on are <L-R> Nadeen Matthews, Senior Assistant General Manager-Strategy, Group Marketing and Communications > Audrey Tugwell Henry, Senior General Manager, Retail Banking Division and Sheree Martin, former General Manager, Group Customer Experience & Innovation Division. **23 Relay for Life:** Advantage General Insurance Company and NCB Insurance Company Limited rallied in support of the 11th staging of the Jamaica Cancer Society's Relay for Life event. The Group had over 200 participants at the event and walked away with several prizes including 1st prize for team spirit. **24 Pensioners:** Rickert Allen, Senior General Manager - Group Human Resources, greets Hecton Hemans and Patrick Whittock at NCB Pensioners Luncheon 2012. **25 Long Service Awards:** Through the Long Service Awards, NCB thanks and recognizes the investment and commitment of its long serving employees. NCB recently awarded 200 employees who have contributed to the strength, growth and development of the NCB Group through 10 to 40 years of service. <L-R> Avis Andrews, Manger - Retail Banking proudly accepts her award for forty years of service from Michael Lee-Chin, Chairman. **26 Pinnacle:** The Pinnacle Awards is the vehicle through which NCB and its subsidiaries highlight the exceptional performance of the top sales and service performers. Duke Street Awardees: <L-R> Mario Wong, former Business Development Representative > Tricia Moulton, Business Banker > Marva Peynado, Branch Manager and Tracy-Ann Reboe, Personal Banker share a photo with <Far Left> Loren Edwards, Regional Manager > <Center> Sharon Tate, Operations Manager, Duke Street > Patrick Hylton, Group Managing Director > Audrey Tugwell Henry, Senior General Manager, Retail Banking Division and <Far Right> Dennis Cohen, Group Finance and Deputy Managing Director. **27 Puma:** NCB partnered with the prestigious Kingston College and Puma to host the official high school 5K event in Jamaica. The aim was to raise much-needed funds for the Alpha Boys' Home and the students of Kingston College. Cheers to Rohan Gordon, Gym Instructor, NCB, who placed first in the Walk portion of the event.

10 Year Financial Statistical Review

	2013	Restated* 2012	2011	2010
Consolidated Income Statement Summary (J$'000)				
Net profit	8,549,831	10,045,862	13,885,301	11,074,798
Gross operating income	48,941,802	44,425,230	44,791,704	43,023,151
Net interest income	23,558,986	21,784,090	21,150,860	20,649,643
Other operating income	14,406,597	12,762,859	13,521,336	8,773,712
Operating income	37,965,583	34,546,949	34,672,196	29,423,355
Operating expenses	27,819,193	22,366,253	19,184,458	16,135,955
Staff costs	11,270,133	9,755,916	9,240,116	9,252,662
Provision for credit losses	2,066,260	2,462,811	768,881	947,962
Depreciation and amortisation	1,209,971	812,512	580,132	528,333
Consolidated Statement of Financial Position Summary (J$'000)				
Total assets	446,575,055	379,435,519	359,618,113	334,970,011
Loans and advances, net of provision for credit losses	141,150,312	111,904,854	91,728,138	85,995,102
Investment securities	234,437,453	210,653,557	204,748,127	200,132,984
Customer deposits	178,411,021	162,930,350	155,800,401	144,283,158
Liabilities under annuity and insurance contracts	33,914,506	25,194,324	23,564,275	20,405,624
Repurchase agreements	117,377,395	101,890,449	84,075,103	85,292,763
Obligations under securitisation arrangements	10,101,032	2,593,201	14,378,119	20,456,162
Equity	72,456,501	66,343,321	61,977,264	48,807,933
Profitability Ratios (%)				
Return on average equity (1)	12.32%	15.66%	25.07%	24.66%
Return on average total assets (2)	2.07%	2.72%	4.00%	3.41%
Non-interest income to operating income	37.95%	36.94%	39.00%	29.82%
Effective tax rate (3)	22.33%	23.41%	21.06%	17.89%
Cost to income ratio (4)	67.60%	56.26%	52.36%	51.53%
Per Share Information (J$)				
Earnings per share (5)	$3.47	$4.08	$5.64	$4.50
Dividends paid per share	$1.11	$1.10	$1.36	$1.90
Book value per share	$29.44	$26.95	$25.18	$19.83

* Restated to conform to the 2013 financial statements presentation format.

1. Return on average equity is calculated as net profit divided by average equity (equity at the end of the financial year plus equity at the end of the prior financial year, divided by two).
2. Return on average total assets is calculated as net profit divided by average total assets (total assets at the end of the financial year plus total assets at the end of the prior financial year, divided by two).
3. Effective tax rate is calculated as taxation expenses divided by profit before taxation.
4. Cost to income ratio is calculated as staff costs, depreciation, policyholder & annuitants benefits & reserves and other operating expenses divided by total operating income.

2009	2008	2007	2006	2005	2004
10,248,185	8,701,173	6,601,426	5,486,625	4,468,542	2,978,045
44,868,803	39,255,256	33,752,955	30,004,702	27,460,769	25,175,497
18,879,974	15,826,304	12,796,777	11,778,136	10,713,444	9,603,098
8,392,348	9,084,754	7,754,802	6,198,817	5,815,035	3,344,801
27,272,322	24,806,110	20,551,579	17,976,953	16,528,479	12,947,899
14,100,596	14,162,202	12,128,301	11,164,384	10,522,418	9,155,015
7,989,772	7,281,304	6,987,550	5,955,835	5,664,701	4,639,585
1,027,634	468,287	277,603	155,786	(28,071)	367,869
593,538	725,936	889,246	1,028,085	1,071,135	976,029
315,096,477	291,153,397	254,183,354	223,138,804	190,341,294	174,852,385
88,178,270	82,169,396	56,525,564	42,219,840	36,064,342	34,007,614
167,718,957	154,571,682	142,955,539	123,765,437	94,960,438	78,219,804
130,331,351	126,099,896	118,518,051	99,026,503	85,067,749	79,861,826
19,114,764	16,533,984	14,487,602	12,010,182	9,117,241	6,912,610
77,374,431	69,619,957	51,305,167	50,344,707	49,407,220	37,496,253
27,157,180	26,259,740	26,409,833	21,398,964	10,798,517	9,427,736
41,015,946	31,312,662	28,554,026	24,589,987	21,213,463	17,145,003
28.34%	29.07%	24.84%	23.96%	23.30%	19.84%
3.38%	3.19%	2.77%	2.65%	2.45%	1.86%
30.77%	36.62%	37.73%	34.48%	35.18%	25.83%
21.97%	19.49%	23.18%	20.83%	23.45%	16.67%
47.93%	50.25%	57.27%	59.88%	62.40%	67.87%
$4.16	$3.54	$2.68	$2.23	$1.82	$1.21
$0.88	$1.14	$0.73	$0.71	$0.48	$0.54
$16.66	$12.72	$11.60	$9.99	$8.62	$6.97

5. Earnings per share is calculated as net profit divided by weighted average shares outstanding for the relevant financial year.

6. Risk-based capital adequacy ratio (Bank only) is calculated as qualifying capital divided by total risk weighted assets. Qualifying capital is the sum of Tier 1 and Tier 2 capital less prescribed deductions for investment in associated companies and subsidiaries, intangible assets and any accumulated losses in subsidiaries. Under Bank of Jamaica (BOJ) regulations, the overall minimum capital to be maintained in relation to risk weighted assets is 10% for banks. However, BOJ requires us to maintain a risk-weighted capital adequacy ratio of 12.5% due to, among other factors, our

10 Year Financial Statistical Review Cont'd

	2013	Restated* 2012	2011	2010
Capital Ratios (%)				
Risk-based capital adequacy ratio (NCB Jamaica) (6)	12.58%	12.96%	15.18%	16.30%
Capital to risk weighted assets (NCB Capital Markets) (7)	20.90%	26.20%	35.71%	97.82%
Solvency ratio (NCB Insurance) (8)	36.30%	34.64%	34.73%	27.10%
Minimum capital test (Advantage General Insurance) (9)	251.71%	251.62%	n/a	n/a
Equity to total assets	16.22%	17.48%	17.23%	14.57%
Asset Quality Ratios (%)				
Non-performing loans as a percentage of gross loans and advances (10)	4.84%	7.14%	7.16%	3.45%
Non-performing loans as a percentage of total assets	1.56%	2.18%	1.87%	0.90%
Non-performing loans as a percentage of stockholders' equity	9.61%	12.47%	10.87%	6.21%
Total provision for credit losses as a percentage of non-performing loans	120.13%	113.94%	115.91%	136.29%
Total provision for credit losses as a percentage of gross loans and advances	5.82%	8.14%	8.29%	4.70%
Consolidated Statement of Financial Position Ratios (%)				
Loans and advances, net of provision for credit losses, as a percentage of total assets	31.61%	29.49%	25.51%	25.67%
Investment securities as a percentage of total assets	52.50%	55.52%	56.93%	59.75%
Fixed assets as a percentage of total assets	1.73%	1.68%	1.45%	1.34%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	79.12%	68.68%	58.88%	59.60%
Liquid assets as a percentage of customer deposits (11)	37.45%	32.32%	40.91%	42.40%
Other Statistics				
Share price at September 30 (JSE)	$ 19.00	$21.90	$27.29	$ 17.51
Share price at September 30 (TTSE)	TT$1.13	TT$1.60	TT$2.09	TT$1.50
Price earnings ratio	5.48	5.37	5.15	3.89
Dividends paid (J$'000)	2,738,107	2,713,439	3,354,797	4,686,850
Dividend yield	5.84%	5.02%	4.98%	10.85%
Dividend payout ratio	31.99%	26.96%	24.11%	42.23%
JSE Index at September 30	84,500.20	87,188.38	91,731.84	83,613.08
Inflation Rate (Twelve months ended September 30)	10.45%	6.65%	8.05%	11.28%

* Restated to conform to the 2013 financial statements presentation format.

status as a systemically important financial institution (SIFI) in Jamaica.

7. Capital to risk weighted assets (NCB Capital Markets only) is calculated as qualifying capital divided by total risk assessed assets. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to risk assessed assets is 10%.

8. Solvency ratio (NCB Insurance only) is calculated as equity relative to the risks (total liabilities) it faces. Under Financial Services Commission regulations, the overall minimum capital to be maintained in relation to total liabilities is 10%.

9. Minimum Capital Test (MCT) (Advantage General Insurance Company (AGIC) Only) is regulated by the Financial Services Commission (FSC). Under the FSC regulations, this measure is a risk-based formula that compares available capitsl 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

	2009	2008	2007	2006	2005	2004
	14.61%	14.58%	14.33%	17.28%	19.08%	15.77%
	60.75%	77.88%	99.86%			
	23.20%	16.20%	14.00%	13.40%	10.20%	10.10%
	n/a	n/a	n/a	n/a	n/a	n/a
	13.02%	10.75%	11.23%	11.02%	11.14%	9.81%
	2.61%	2.34%	2.56%	3.66%	4.27%	4.08%
	0.74%	0.67%	0.58%	0.72%	0.85%	0.84%
	5.71%	6.25%	5.17%	6.51%	7.58%	8.61%
	147.26%	152.88%	150.99%	144.72%	135.42%	154.27%
	3.84%	3.57%	3.86%	5.29%	5.78%	4.08%
	27.98%	28.22%	22.24%	18.92%	18.95%	19.45%
	53.23%	53.09%	56.24%	55.47%	49.89%	44.73%
	1.35%	1.41%	1.60%	1.89%	2.30%	2.53%
	67.66%	65.16%	47.69%	42.63%	42.39%	42.58%
	33.22%	37.56%	32.72%	42.35%	37.94%	38.02%
	$ 13.00	$ 20.00	$ 22.40	$ 18.21	$ 18.00	$ 25.20
	TT$0.95	TT$1.85	TT$1.95	TT$1.65	TT$1.90	TT$2.50
	3.12	5.66	8.35	8.17	9.91	20.82
	2,170,750	2,812,110	1,800,737	1,751,402	1,184,046	1,332,052
	6.77%	5.70%	3.26%	3.91%	2.67%	2.15%
	21.14%	32.24%	27.21%	31.84%	26.50%	44.73%
	79,928.03	102,018.87	96,299.84	86,195.99	103,332.63	99,819.82
	7.18%	25.34%	9.01%	6.50%	18.73%	10.49%

200%. AGIC was acquired in February 2013, we have included the September 2012 MCT ratio for comparative purposes only; the company's results were not included in the 2012 financial results of the Group.

10. Non-performing loans are loans as to which there have been no payments of principal or interest for 90 days or more.

11. Liquid assets consist of cash in hand and balances at Bank of Jamaica, investment securities with maturities of less than nine months, any assets specially designated as liquid by the Bank of Jamaica and due from other banks.

Chairman's Message

NAME: Hon. Michael **Lee-Chin OJ**
TITLE: Chairman
INTERESTS: Photography, Reading, Social Missions

"...I believe that our team at NCB will remain undaunted by the challenges and that they will capitalise on opportunities..."

My Fellow Shareholders,

Our team at National Commercial Bank Jamaica Limited (NCB) has spent the past year contending with global and local fiscal turbulence that has required astute and agile strategic responses in order to further align our business to the changing economic and social landscape; this was done while meeting the changing needs of our customers.

As has been the case in the past, we have refused to let the headwinds that confronted us during the past year curb our enthusiasm or optimism for the future. We have risen to the challenge, producing strong growth in our core business segments as was reflected in increases in our loan and funding portfolios. This was despite the fact that our business performance was significantly impacted by a weakened economic climate marked by losses incurred as a result of our participation in the national and private debt exchange programmes, increased operating costs and lower asset yields.

As Jamaica's economic climate continues to transition, I believe that our team at NCB will remain undaunted by the challenges and that they will capitalise on opportunities that can be unearthed. NCB is structured to deliver based on a diversified business model and strong risk discipline that will strategically augur for prosperity in the 2013/2014 financial year.

Despite the challenging year, we have achieved a great deal, none of which would have been possible without the hard work and commitment of our employees. We remain fully committed to providing a comprehensive range of training and development opportunities for our employees, and to maintaining our position as a company which offers an industry-leading employment proposition.

Globally there is a sense of opportunity and much focus remains on approaching the new financial year with pragmatism. I am confident that the skill, agility, resilience and determination that resides in all of us here at the nation's Bank, will continue to propel us forward so we may meet and conquer these challenges and deliver a stellar performance that surpasses the expectations of both our customers and our shareholders and redounds to the wellbeing of our nation.

We entreat you to join us as we continue our powerful transformation for future growth and prosperity.

Board of Directors

Our Board of Directors supports and understands the value of high standards of corporate governance and strives to deliver exemplary

Hon. Michael**LEE-CHIN**
OJ, Hon, LL.D., B.Sc.
Chairman

Main Positions: Chairman, National Commercial Bank Jamaica Limited; Chairman and President of Portland Holdings Inc.; Founding Partner of Portland Private Equity, L.P.; Chairman of the AIC Caribbean Fund.

Special Achievements: Bachelor's degree in Civil Engineering, McMaster University in Canada. Recipient of honorary Doctor of Laws degrees: University of the West Indies; Northern Caribbean University; McMaster University; University of Toronto; Wilfrid Laurier University and York University. Chancellor of Wilfrid Laurier University. Recipient of the Order of Jamaica (OJ), for outstanding service in business and philanthropy and recipient of several prestigious awards in the areas of business and community service including the 2004 International Humanitarian Award from the American Friends of Jamaica. Awarded the Queen Elizabeth II Diamond Jubilee Medal in 2013 for significant contributions and achievements.

Length Of Directorship: 11 years

Patrick**HYLTON**
CD, A.C.I.B., B.B.A.
Group Managing Director

Main Positions: Chairman of NCB Capital Markets Limited and Harmonisation Limited and sits on several boards including the Caribbean Information and Credit Rating Services (CariCRIS). Director of NCB (Cayman) Limited, NCB Capital Markets (Cayman) Limited, NCB Remittance Services (Cayman) Limited, Data-Cap Processing Limited, NCB Insurance Company Limited, Advantage General Insurance Company Limited, West Indies Trust Company Limited and the Mona School of Business and Management (MSBM).

Special Achievements: Honours Graduate in Business Administration and an Associate of the Chartered Institute of Bankers (ACIB) London. Past President of the Jamaica Bankers Association. Mr Hylton has led the organisation to achieve continued strong performance as well as numerous awards locally and internationally. Order of Distinction, Commander Class (CD) in 2002.

Length Of Directorship: 10 years

Dennis**COHEN**
FCA., FCCA., B.Sc.
Group Finance & Deputy Managing Director

Main Positions: Chairman of Advantage General Insurance Company Limited (AGIC) and Mutual Security Insurance Brokers Limited; Director of NCB (Cayman) Limited, NCB Insurance Company Limited and West Indies Trust Company Limited. He is also a member of the Institute of Chartered Accountants of Jamaica (ICAJ).

Special Achievements: 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. Prior to commencing his career in banking, Mr Cohen was employed to PricewaterhouseCoopers as a Senior Accountant.

Length of Directorship: 7 years

governance consistent with international best practices in support of the Group's strategic objectives.

Robert**ALMEIDA**
B.Comm., CA

Main Positions: Executive Director, AIC Global Holdings Inc.; Founding Partner of Portland Private Equity; Managing Partner of the AIC Caribbean Fund, a private equity fund with capital commitments from institutional investors in Europe, the U.S.A., Canada and the Caribbean. Served as an Executive at Canadian Imperial Bank of Commerce, one of Canada's largest banks and at Loblaw Companies Limited, Canada's largest retailer, where he was responsible for strategy and development which was integral in Loblaw's successful entry into financial services.

Special Achievements: Chartered Accountant with over 25 years of experience as an investor and a business professional, having worked in Canada, the USA and the Caribbean. Led the startup of a successful electronic banking venture in Canada. Co-founded what is currently the leading private equity fund in the Caribbean. Serves on the Board of the Canadian Council for the Americas.

Length Of Directorship: 5 years

Wayne**CHEN**
LL.B. (Hons)

Main Positions: Chief Executive Officer, Super Plus Food Stores; President, Caribbean Employers' Confederation; Chairman, CVM Television Limited, NCB Insurance Company Limited and West Indies Trust Company Limited; Director of NCB (Cayman) Limited, AIC (Barbados) Limited and Dekal Wireless Limited.

Special Achievements: Recipient of several national awards including the Jamaican Institute of Management Young Entrepreneur for 1997 and the Jamaica Observer Business Leader of the Year 1998.

Length Of Directorship: 11 years

Sandra**GLASGOW**
B.Sc., M.B.A.

Main Positions: Founder/Managing Director, BizTactics Limited; Chairman of the Board of Directors of Resorts Beach Limited, and Director of eMedia Interactive Limited and Dress For Success Jamaica. Trustee of the NCB Pension Funds (1986 and 1999) and the SMART Retirement Fund. Mentor to Caribbean Producers Jamaica Limited.

Special Achievements: Bachelor of Science Degree in Applied Zoology and Applied Botany and a Master of Business Administration from the University of the West Indies, Mona. Certified as a Director by the Commonwealth Association for Corporate Governance (CACG); a Trainer of Trainers in Corporate Governance Board Leadership by the International Finance Corporation (IFC) and a Trainer of Trainers in Business Ethics by the Inter-American Investment Corporation and the US Department of Commerce. Jamaica's Eisenhower Fellow in 2000.

Length of Directorship: 11 years

Board of Directors Cont'd

Sanya**GOFFE**
LL.B. (Hons)

Main Positions: Partner of the law firm Hart Muirhead Fatta. Director of the Pension Funds Association of Jamaica and the Jamaica Railway Corporation. Member of the Jamaican Bar Association; Convenor of the Intellectual Property Committee; Chairperson of the Publications Committee of the Jamaican Bar Association. Tutor at the Norman Manley Law School.

Special Achievements: Attorney-at-Law with over ten years of experience in the areas of Corporate, Commercial, Pensions and Intellectual Property Law. Frequent invitational speaker on subjects including pension law issues, the protection and enforcement of intellectual property rights, anti-counterfeiting and brand protection. Co-founder of the Adult Learning Centres of Jamaica, a non-profit organisation committed to improving the literacy and numeracy of adults in Jamaica.

Length of Directorship: 2 years

Hon. Noel**HYLTON**
OJ, Hon. LL.D., CD, J.P

Main Positions: Recently retired Chairman, President & Chief Executive Officer, The Port Authority of Jamaica. Served on several boards including the Jamaica Urban Transit Company Limited, Jamaica Promotions Corporation, the Maritime Authority of Jamaica, Air Jamaica Limited and the Police Service Commission.

Special Achievements: Recipient of various awards, including conferment of the Honorary Degree of Doctor of Laws (Hon. LLD) by the University of the West Indies and the designation of "Caribbean Luminary" by the American Foundation for the University of the West Indies, for outstanding contribution to the Caribbean. Recipient of the national awards of Commander of the Order of Distinction (CD) and the Order of Jamaica (OJ) for service to the growth and development of the shipping industry. Previously served for 10 years in various administrative posts with the Eastern Regional Government of Nigeria.

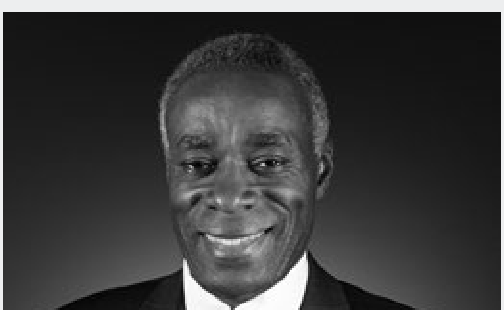
Length of Directorship: 11 years

Thalia**LYN**
OD, B.A.

Main Positions: Co-founder, CEO and Managing Director of the Island Grill chain of restaurants. Chairperson of the NCB Foundation, and the Co-Chair of the Fund-raising Committee of the Holy Trinity Cathedral. Serves on the Boards of Jamaica Macaroni Factory, the Mustard Seed Communities, among others. Trustee of the NCB Pension Funds and Past Chair of the Jamaica British Business Association.

Special Achievements: Bachelor's Degree from Manhattanville College and was a licensed Stock Broker and Manager of Dealer Services for a large Mutual Fund Company in Canada. Appointed Honorary Consul General to the Kingdom of Thailand in 2004 and later bestowed with the honour of Commander, 3rd Class, of the Most Noble Order of the Crown of Thailand. Conferred with the Order of Distinction (OD), by the Government of Jamaica for her outstanding contribution to business. Awarded FIU Business Woman of the Year in 2002 and 2007 and the American Friends of Jamaica (AFJ) International Humanitarian Award in 2013.

Length of Directorship: 11 years



Professor Alvin**WINT**
B.Sc., M.B.A., D.B.A

Main Positions: Professor of International Business and Adviser to the Vice Chancellor, University of the West Indies. Serves on the board of directors of several entities, including Jamaica Producers Group, the Caribbean Policy Research Institute and the Planning Institute of Jamaica. Chairman of the Statistical Institute of Jamaica and CARICOM's Regional Investment Promotion Steering Committee.

Special Achievements: Recipient, Vice Chancellor Award for Excellence, University of the West Indies; former consultant to World Bank, IDB, United Nations. Former director of the Bank of Jamaica, Jamaica Promotions Corporation and the Jamaica Exporters Association.

Length of Directorship: 11 years

>innovation

To get ahead in life it takes ambition and hard work.

With a team that provides fresh ideas, new perspectives and the right tools, You can get there a lot faster.

Corporate Governance

The Board understands that high standards of corporate governance are a key contributor to the long-term success of the Bank and its subsidiaries (the Group), creating trust and engagement between the Group and its stakeholders. The Board's commitment to operating in an ethical and transparent manner, and with accountability to stakeholders, is resolute. Striving to deliver exemplary governance consistent with international best practices is a central element of the Group's strategic objectives.

The members of the Board understand their duty of care and loyalty to the Bank and its stakeholders and exercise their legal and governance responsibilities with honesty, probity and integrity. The members of the Corporate Governance Committee keep abreast of material changes in the external regulatory environment and developments in best practices in corporate governance and update the Board on any changes in the governance landscape that might affect the Bank and its stakeholders. The Board monitors the effectiveness of the Group's corporate governance practices and approves changes, as needed.

The Group's corporate governance framework is built on a number of 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 2nd Edition, published in 2009. The Board considers that its governance practices are generally consistent and compliant with all applicable legislation, regulations, standards and codes, except that of the independence of the Chairman of the Board as recommended in the PSOJ Code on Corporate Governance. The Board continues to align its corporate governance practices in keeping with the Group's Corporate Governance Charter (available on www.jncb.com) and the core values of the Group.

Our Commitment

The Group has adopted a Code of Ethics for directors and a Code of Business Conduct for its employees. These Codes emphasise the Group's commitment to ethics and compliance with the law and serve to maintain and enhance confidence in the integrity of the Group and its operations. Compliance with the Codes, which are reviewed periodically, contributes to the long term building and strengthening of the Group and preservation of credibility with shareholders and other stakeholders. While the Codes provide guidance in relation to the standards of integrity and business conduct to be upheld by the Group, the Board recognises that the Codes cannot address every situation that individuals are likely to encounter. As a result, the Codes are not substitutes for the requirement of directors and employees to continually strive to exercise good judgment and seek advice and guidance, as necessary, on proper business conduct. Employees are encouraged to discuss concerns and find solutions in a confidential and supportive environment. The Group is proud of the way in which it conducts business and is committed to continuing to uphold the highest levels of corporate transparency, social responsibility and compliance in all of its transactions and interactions.

Board Oversight

BOARD MEMBERS AND ATTENDANCE AT MEETINGS	
Hon. Michael Lee-Chin, OJ ▸ **CHAIRMAN**	10/13
Robert Almeida	10/13
Wayne Chen	10/13
Dennis Cohen	13/13
Sandra A. C. Glasgow	13/13
Sanya M. Goffe	13/13
Hon. Noel Hylton, OJ	10/13
Patrick. A. Hylton, CD	13/13
Thalia Lyn, OD	12/13
Professor Alvin G. Wint	13/13

The Board is scheduled to meet ten times per year; however, special meetings are convened if urgent matters arise between the scheduled meetings. The Board met in regular and special sessions 13 times during the year to consider matters relevant to the operation and performance of the Group. Without exception, whenever needed during the year, directors have demonstrated their ability and willingness to provide any additional time required.

During the year the Board fulfilled several of its key functions, including:

- Reviewing and approving the Bank's 2013-2014 operational plans and budgets
- Approving capital expenditure
- Considering and approving the following policies:
  - Environmental Policy
  - Business Continuity Policy
  - Enterprise Risk Management Policy
  - Group Investment Valuation Policy
  - Securities Trading Policy (updated)
  - Board Charter (updated)
  - Credit Risk Policy (updated)
  - Group Audit Charter (updated)
- Reviewing and approving credit facilities in excess of the limits delegated to management
- Monitoring executive management performance in the implementation and achievement of strategic and business objectives and financial performance
- Monitoring and reviewing the risk management processes, the Group's risk profile; compliance with standards and other regulatory requirements; reviewing and monitoring credit quality
- Approving amendments to the Group's Anti-Money Laundering/ Counter-Financing of Terrorism Policy & Procedures Manual.

The Board is responsible for providing leadership through oversight and guidance whilst setting the strategic direction and delivering value to shareholders and other stakeholders. The Board is also responsible for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively. The Board is not involved in the Group's day-to-day operation but has delegated to management the power to make decisions on operational matters within an agreed framework. The Bank has put in place directors' and officers' liability insurance in respect of legal actions against its directors; this insurance cover does not extend to fraudulent or dishonest behaviour.

Composition of the Board

As at September 30, 2013, the Board comprised eight non-executive directors (including the Chairman) and two executive directors (the Group Managing Director and the Group Finance and Deputy Managing Director). The names and summary biographies of the directors including details of other material directorships are set out in the directors' profile section of the 2013 Annual Report *[see pages 18-20]*. Executive and non-executive directors are required to seek the approval of the Board before accepting additional directorships and must confirm that no conflict of interest arises from the appointment and provide assurance that any additional appointment will not affect their ability to perform their duties.

While all the directors are equally accountable for the proper stewardship of the Bank's affairs, the non-executive directors understand that they have a specific responsibility to ensure that business strategies and policies are fully ventilated and critically assessed and considered in Board meetings. The Board is thereby able to collectively strive to secure the success of the Group for the benefit of all stakeholders while also considering the interests of staff and fostering relationships with our corporate and retail clients as well as the general business community within which we operate.

Independent Directors

NCB recognises the important role that independent directors play in the company's governance. Of the eight non-executive directors serving during the year, five are considered independent. 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; and
- does not have an employment relationship with the Bank, its subsidiaries or its parent companies.

The independence of directors is under constant review and all independent directors are required to disclose whether they have any interests or relationships that could impact their independence. The independent directors at the date of this statement are:

Sandra A. C. Glasgow
Sanya M. Goffe
Hon. Noel Hylton, OJ
Thalia Lyn, OD
Professor Alvin G. Wint

Nomination of Directors

The Board values the importance of diversity among its members and regularly reviews its composition in the light of considerations such as age, gender and experience. The Board is satisfied that there is at present a diverse mix of age and gender and that the directors have appropriate competencies to meet the challenges faced by the Group. Each year at the Annual General Meeting, the Board recommends and the shareholders elect directors in accordance with Article 97 of the Company's Articles of Incorporation.

Internal Controls

The Board, through its Committees, has reviewed the effectiveness of the Group's risk management practices and systems of internal control for the year ended September 30, 2013. This review involved consideration of the internal audit and risk management functions including operational risk, regulatory risk and compliance. To this end, the Board finalised and approved the Enterprise Risk Management Policy, which defines the critical risk areas, risk governance structures, risk management and risk-reporting

Corporate Governance

Cont'd

framework of the Group. In addition, the reports of the internal and external auditors, which contain details of any material issues identified, were reviewed by the Audit Committee. After each meeting of the Audit Committee, its Chairman reports to the Board on all significant issues considered by the Committee, and the minutes of meetings are later circulated to all members of the Board.

Internal Audit Function

The Group's Internal Audit Division is established by the Board of Directors as an independent function reporting directly to the Board through the Audit Committee. The scope of the internal audit function encompasses the following activities:

- Reviewing and ensuring the annual internal audit plan is designed to assist in attaining the required objectives;
- Annually reviewing the internal audit charter for possible modification and approval by the Audit Committee;
- Reviewing financial reporting and disclosure controls and advising management in their representations and assertions regarding these controls;
- Reviewing means of safeguarding the Group's assets;
- Coordinating with the external auditors and reviewing the Group's relationship with the external auditors including independence and management's response to any major external audit recommendations;
- Participating in the planning and performance of audits of mergers, acquisitions and divestitures;
- Reviewing guidelines for ethical business conduct and the process for ensuring compliance; and
- Periodically reviewing and making recommendations concerning procedures for receipt, retention and treatment of complaints about accounting and auditing matters.

External Audit Function

The Audit Committee annually reviews the appointment of the Group's external auditors. Currently, the auditors are PricewaterhouseCoopers (PwC). After considering PwC's performance, standing and experience, the nature and level of services provided and after receiving written confirmation from PwC that it is compliant with the requirement of independence as laid down by the Auditing Practices Committee of the Institute of Chartered Accountants of Jamaica, the Audit Committee was satisfied with the external Auditor's effectiveness. On the Audit Committee's recommendation, the Board agreed to recommend to the shareholders the re-appointment of PwC for a further period of one year.

In accordance with international standards, the Group's audit engagement partner must be rotated every five years. The Group's lead audit engagement partner last rotated in 2013. The fees paid to the external auditors in the financial year are included in the audited financial statements *[see page 135 - Note 14]*.

Conflicts of Interest

In keeping with international best practices, the Board Charter makes provision for the manner in which members of the Board should handle conflicts of interest. A director has a duty to avoid, as far as possible, activities that could create conflicts of interest or the appearance of conflicts of interest and must disclose to the Board any matter that may result, or has already resulted, in a conflict of interest. Where a conflict of interest arises, directors have a responsibility to declare their interest and remove themselves from the relevant Board or Committee meetings without deliberating or voting on the proposal or transaction.

Information and Reports

Prior to and at each regular meeting of the Board, the Directors receive detailed financial and operational reports to allow them to effectively review and assess the performance of the Group's business. Board papers are usually issued six days prior to meetings and Committee papers are usually issued five days prior. In an effort to reduce the costs and the environmental impact of printing and distributing Board papers, and to improve the efficiency of the process, the Bank implemented a portal that enables each director to receive Board papers on a secure tablet. Through this medium, directors also have access to policies and procedures approved by the Board.

At each Board meeting, the Group Managing Director presents an update report on all aspects of the Group's business and a report on the Group's financial performance is also received. From time to time, members of the senior management team provide the Board with detailed presentations on the Group's major activities.

Professional Development & Training

During the year, directors of the Bank and major subsidiaries, as well as some senior managers, participated in corporate governance training led by Mrs Gina Phillipps-Black, Partner at the law firm, Myers, Fletcher & Gordon. They also participated in anti-money laundering and counter terrorist financing training, specifically related to the recommendations on that area by the Financial Action Task Force.

Remuneration

Directors' remuneration continues to be set at levels that would attract and retain persons with the required skill and experience. For the executive directors, a significant portion of the compensation package is variable and dependent on the Group's performance during the year. During the year a committee, comprising two non-executive directors, was specially appointed by the Board to document the framework for executive compensation. As part of the process, the role and composition of the Compensation Committee were reviewed, and another of our independent directors was added to that Committee. The Committee, together with input from the Board, will focus on ensuring that the Bank's compensation policies are competitive and remain aligned to best practice.

For non-executive directors, the level of remuneration generally reflects the experience and level of responsibilities undertaken. The approved remuneration provides for the payment of a retainer for non-executive directors and a fee for each Board and Committee meeting attended. Having regard to their connection to the controlling shareholder, Portland Holdings Inc, and an overall fee it receives for the services of its employees to the Group, the Chairman, the Hon. Michael Lee Chin, OJ, and Director Robert Almeida do not receive directors' fees.

During the year, Committee Chairs received a retainer of $140,625.00 and other Directors $105,468.75, in addition to a fee of $40,000.00 for each Committee meeting attended and $50,000.00 for each Board meeting attended. The total fees paid fell within the amounts approved by shareholders at the Annual General Meeting held on February 28, 2013. Non-executive directors' fees for the Bank and its significant subsidiaries are reviewed periodically by a special Committee of the Board comprising directors who do not receive Board fees. This Committee may make recommendations on the basis of calculation of the fee and the global sum and, in accordance with Article 80 of the Company's Articles of Incorporation, the recommendation for the global sum requires approval at the Annual General Meeting.

Board Evaluation

The Board retained Boston Consulting Group (BCG), a global management consulting firm and leading advisor on business strategy to undertake an independent evaluation of the Board's performance. The evaluation commenced near the end of the 2012-2013 financial year and was a two-fold exercise comprising a written questionnaire completed by each director followed by one-on-one interviews with each director and representatives of BCG.
The evaluation process provided directors with an opportunity to explore and examine their roles as directors, boardroom dynamics, appropriateness and adequacy of meeting agendas and board papers, time allocation and generally how the performance of the Board could be enhanced to ensure that the climate in the boardroom creates the optimum conditions for sound decision making. A written evaluation report summarising the results was submitted to the Board during the first quarter of the 2013-2014 financial year.

Board Committees

The Board appoints members to specialised committees with the objective of ensuring an optimal mix of skill, experience and competence allowing members to objectively evaluate and bring fresh thinking to the relevant issues within the remit of the committees. The Board has delegated specific duties to four standing Board Committees each of which operates within specific Terms of Reference that define the respective roles and responsibilities. Copies of these Terms of Reference are available on the Bank's website, www.jncb.com under "Corporate Governance."

The Committees assist the Board in its oversight role. Subsequent to each Committee meeting, the minutes are included in the Board papers for the review of all Board members. Round robin resolutions approved by the Committees are also included in the Board papers. All members of the Audit and Corporate Governance Committees are independent directors. The Board Risk Management Committee includes non-executive members of the Board as well as the Group Managing Director and Group Finance and Deputy Managing Director. Members' attendance at Board Committee meetings during the past year is set out below.

EXECUTIVE COMMITTEE

MEMBERS
Hon. Michael Lee-Chin, OJ **CHAIR**
Robert Almeida
Dennis Cohen
Sandra A. C. Glasgow
Patrick. A. Hylton, CD
Professor Alvin G. Wint

The Executive Committee has the full powers of the Board vested in it from time to time and ordinarily exercises those powers only in exceptional matters. The Committee did not meet during the year; however, the Committee approved matters within its remit by Round Robin Resolution as required.

AUDIT COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS	
Professor Alvin G. Wint **CHAIR**	6/6
Hon. Noel Hylton, OJ	3/6
Sandra A. C. Glasgow	6/6

The Board has determined that each member of the Audit Committee is

Corporate Governance

Cont'd

independent and that the membership meets the requirements of the Bank of Jamaica's Corporate Governance Standard, the Jamaica Stock Exchange Listing Agreement and the recommendations of the PSOJ's Code on Corporate Governance. During the year, the Group Managing Director, Group Deputy Managing Director, Group Chief Financial Officer, Chief Internal Auditor and the external auditors normally attended and reported at Audit Committee meetings. Other senior managers are invited from time to time to present reports and discuss issues of importance. The Committee has unrestricted access to Group documents and information as well as to management and the external auditors.

The Audit Committee met six times during the year and deepened its focus on the effectiveness of internal controls, compliance, assurance and internal audit functions. Responsibilities discharged during the year, included the following:

Financial statements

- reviewing significant accounting and reporting issues, considering any changes to accounting standards, and understanding their impact on the financial statements;
- ensuring that the Group's quarterly and annual financial statements and quarterly releases represent accurate, clear and balanced assessments of the Group's financial position and prospects.

Internal control

- monitoring and reviewing the effectiveness of the risk management and internal control systems, including information technology security and control;
- considering the scope of the Group Internal Audit Division's review of risk management and internal controls over financial and operational reporting, and obtaining reports on significant findings and recommendations together with management's responses.

Internal audit

- monitoring and reviewing the effectiveness of the Group's internal audit function, including organisational structure, staffing and compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing;
- Amending the Group Audit Charter;
- ensuring there were no unjustified restrictions or limitations placed on the Chief Internal Auditor (CIA); through the Chair, reviewing the performance and exercising final approval of the CIA's compensation.

Fraud prevention

- receiving and considering reports on significant frauds, forgeries and other irregularities in respect of investigations undertaken.

External audit

- reviewing the external auditors' audit scope and approach;
- monitoring and reviewing the objectivity, effectiveness and independence of the external auditors; approving their scope of work, reports and fee proposals for audit services;
- reviewing a proposed questionnaire for a formal annual evaluation of the external auditors' performance.

Compliance

- reviewing the effectiveness of the systems for monitoring compliance with laws and regulations, and the results of management's investigations and follow up;
- reviewing auditor observations;
- receiving reports concerning compliance with the Group's code of conduct.

BOARD RISK MANAGEMENT COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS	
Professor Alvin G. Wint **CHAIR**	4/4
Robert Almeida	3/4
Dennis Cohen	4/4
Sandra A. C. Glasgow	4/4
Sanya M. Goffe	4/4
Patrick. A. Hylton, CD	3/4

The Board Risk Management Committee is responsible for evaluating and reporting to the Board regarding the Group's risk profile, as well as its risk management framework, including the significant policies and practices employed to manage credit, market, liquidity, operational and other risks, as well as the overall adequacy of the risk management function. This year the Committee reviewed and finalized the Enterprise Risk Management Policy and focused on collecting and analysing risk data to ensure the Group continues to be forward-looking and more 'risk aware' in its strategy. The Committee has focused on identifying possible concentrations of risk and on the mix of loan portfolios that are more or less resilient to stress. The Committee has also reviewed and discussed detailed stress-testing analysis as well as focused reviews into credit, liquidity, sovereign and market risks that could affect the Group's business. In all aspects of its work, the Committee has sought to ensure that the Group's risk management framework is effective and fully aligned to the Board's approved strategy, and thus an active contributor to sustainable performance and shareholder value.

The Committee met four times during the year and considered the following matters:

- Reviewing and finalising the Enterprise Risk Management Policy for recommendation to the Board.
- Approval of credit facilities within limits set by the Board;
- Reviewing and making recommendations to the Board and to the Executive Committee in respect of credit facilities over its limit and in respect of connected parties;
- Assessment, identification and mitigation of risks and review of the credit portfolio by business, product, obligor limits, industries, aggregate exposure to major borrowers and adversely classified and troubled debt exposure; and
- Evaluation of major credit risk exposures.

CORPORATE GOVERNANCE COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS	
Sandra A. C. Glasgow **CHAIR**	4/4
Sanya M. Goffe	4/4
Thalia Lyn, OD	4/4
Professor Alvin G. Wint	4/4

The Committee met four times during the year and considered the following matters:

- Review of the Group's policies including the Board Corporate Governance Charter and identifying those policies to be updated and presented to the Board for approval;
- Executive management compensation framework;
- Review of Board Committees;
- The consultancy agreement between the Bank and AIC Limited (connected by virtue of AIC's ownership by the Group's Chairman and controlling shareholder, Michael Lee Chin).

Appointments & Dissolutions

Director, Mrs Sandra A. C. Glasgow was appointed to the Compensation Committee on September 26, 2013. The Board took the decision to dissolve the Investment Committee and the Strategic Planning Committee as these Committees had not met in the last few years and the issues that would normally fall within their remit were generally being handled directly at the Executive Committee or Board level. The Corporate Governance Committee's remit was formally revised to include the identification and nomination of new directors, and oversight of the induction process for new directors.

Adherence to the highest standards of corporate governance continues to be the cornerstone of the Group's culture. The Group is committed to operating in accordance with best practice in business integrity and ethics as it strives to meet its vital responsibilities as a good corporate citizen and an active partner in the development efforts of the country.

Sandra A. C. Glasgow
Chairperson
Corporate Governance Committee

Sanya M. Goffe
Director and Member,
Corporate Governance Committee

Corporate Disclosure Policy*

NCB has a Corporate Disclosure Policy which has been communicated to the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The policy regulates the disclosure of information by NCB about NCB and its business activities. It stipulates that NCB companies shall be responsible to make any disclosure that they are required, respectively, to make by virtue of any law, regulation or regulatory requirement.

The Policy contains the following:

1. Objectives and Principles of Disclosure
2. Media Communication Protocol
3. Details of the persons generally authorised to make disclosures on behalf of NCB
4. Parties and Rules for the Disclosure of Information
5. NCB Companies Listed on a Stock Exchange /Annual Report to Stockholders
    a. General stipulations for disclosure by NCB Companies Listed on a Stock Exchange and in respect of Financial Information and information that should be contained in the Annual Report to Stockholders, including a Management Discussion & Analysis (MD&A). The MD&A provides an analysis, by the company's management, of the operations of the past financial year, including an assessment of the key activities and future plans which impact the company's performance.
6. In addition to the means of disclosure required by law, NCB's Listed Companies will:-
    a. conduct meetings
    b. disclose information on NCB's website and
    c. issue press releases

Dividend Policy

Dividends, which are paid out of the profits of an organisation influence shareholders' and potential investors' perceptions of the company's financial strength and ultimately share price.

Notwithstanding its importance to investors and shareholders, dividend payments reduce the level of profits retained in the company and consequently the level of capital. The maintenance of adequate capital is important in ensuring that the strategic objectives of an organisation are met while complying with all capital adequacy requirements.

The Board of Directors of NCB recognizes the importance of capital in meeting the needs of shareholders, investors and the business. To this extent, a dividend pay-out rate has been determined.

Dividend Pay-Out Rate

The Board of Directors will declare, at its discretion, dividends to shareholders. These dividends will be paid from the realised earnings of NCB. The dividends will be subject to a maximum of 50% of the net profits earned each year. In the event that the payout is less than 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

Further, the Board, at its discretion, may distribute to its shareholders the full amount of dividends received from subsidiaries and realised gains arising from non-recurring or extraordinary transactions.

Scope

This policy supersedes all previous dividend policies and dividend payment intentions. It is consistent with and should be read in conjunction with the Capital Management Plan.

The Dividend Policy will be reviewed annually or more or less frequently as determined by the Board of Directors.

Environmental Policy & Practices

NCB is committed to caring for and protecting the environment in which we operate. We now have an Environmental Policy and have developed an Energy conservation strategy and continue to use 'green' technology throughout the enterprise where feasible.

This includes the discontinuation of the burning of waste at our locations, the use of LED lighting, rain water collection and distribution, air-conditioning upgrades and sewage disposal upgrades. The new mechanical sewage systems are being monitored by the National Environmental Planning Agency.

The use of green technology has also been implemented at our newly constructed building at 29 Trafalgar Road. This includes LED lighting, rainwater collection & distribution system and an inverter air-conditioning system.

* The Policy may be viewed in its entirety on the Bank's website at **www.jncb.com**

Human Resource Development Policies and Practices

National Commercial Bank Jamaica Limited in its Human Resource Development Policies and Practices delivers on a vision that engenders a sustainable organisation of excellence built on three pillars: selecting, developing and allocating the right human resources in order to optimize business success.

As we manage a fit for purpose human resource function in order to achieve operational excellence, the Human Resource Division in its role ensures that the business has the right capability, capacity and organisation design to create value. To this end, some of the main areas of focus in our policies and practices include: Talent Management, Occupational Health and Safety, HIV Workplace Policy, Learning and Development, Succession Management and Education/Benefits (a summary of each is provided below and can be found on our internal website and published in our Annual Learning Reports which can be located on our website at www.jncb.com).

Talent Management

The practices and procedures which guide Talent Management are: fairness and consistency, non-discrimination on the grounds of sex, race, age, religion or disability and conforming to statutory regulations and agreed best practices. Key talent management initiatives have also been implemented namely: Virtual Orientation, Professional Development Planning and Performance Management Enhancement.

Occupational Health & Safety

The Group seeks to provide a workplace that is free from preventable injuries and occupational illnesses through the observance of the respective rules and regulations by all concerned. We believe that a safe and healthy working environment is essential to achieving high productivity and work quality comparable with international standards.

HIV Workplace Policy

The policy provides a framework to monitor and mitigate the impact of HIV/AIDS on the Company and seeks to maintain stability and productivity in the workplace, whilst protecting confidentiality, dignity and rights of HIV positive employees.

Learning & Development

The Company is committed to channelling its resources into those initiatives that support employee professional development and expertise. The Corporate Learning Campus supports the Company's employment, retention and growth strategies, including but not limited to marketing plans, succession planning, promotion, rotation and cross-training interventions, and thereby assist in the increase of performance and productivity levels.

Succession Management

The Programme involves a deliberate effort to include senior management in succession management by allowing them to identify leadership requirements, identify a pool of high potential candidates, develop leadership competencies in those candidates and select leaders from a pool. The programme also mandates ownership and accountability by senior management.

Education/Benefits

The NCB Education Policy seeks to encourage staff, who demonstrate that they understand the value of being responsible to themselves, to improve their own knowledge and understanding of the skills and the issues which are relevant to the services offered by the Group.

Business Continuity Policy & Plan

NCB's Business Continuity Plan has been crafted to ensure that the business is able to recover from disasters and other non financial disruptions in as little time as possible and with as little loss in financial performance as possible.

The Business Continuity Plan documents the response to be undertaken in specified scenarios and indicates the minimum resources required to ensure the continuity of key business functions in the event of disruptions.

The Plan is drafted in a modular format such that an individual subplan is maintained for the different subsidiaries, divisions, branches and critical business units. The plans are stored in a central web-based repository, which facilitates plan distribution, sharing and updating.

For each business area, the Business Continuity Plan provides a map of specific instructions to be carried out in the event of a future significant business disruption and events of varying scope. Among other things, the Plan describes the role for recovery sites, backup data bases and system facilities. A Chief Command team is responsible for monitoring the effective execution of the Plan at the point of business disruption.

Group Managing Director's Message

NAME: Patrick A. **Hylton**, **CD**
TITLE: Group Managing Director
INTERESTS: Tennis, Reading, Sports

"We remain relentless in our pursuits to realize our Vision and value for our stakeholders, and I am proud to lead a team that shares this commitment."

My Fellow Shareholders,

As Jamaica's largest bank, National Commercial Bank Jamaica Limited (NCB) successfully navigated the adverse financial climate of 2012-2013 and is currently focused on executing a number of initiatives designed to improve our prospects going forward.

Our country and our organisation are in the midst of a very challenging period characterised by the implementation of strict macroeconomic policies, plans and programmes, many of which posed varying degrees of difficulty for our customers as well as our business. We remain undaunted by the obstacles and are optimistic about the prospects for growth and the opportunities to maintain a strong market position.

Strength at work:

As an organisation, we were not immune to some of the issues occurring in our environment resulting in a diminution in our overall performance. Notwithstanding the circumstances there were a number of positive developments for us in 2013. The 2013 financial year highlighted the importance of having a diversified business model as growth in our primary business segments helped us record operating income of $38 billion, our highest ever level. We delivered net profits of $8.5 billion in 2013, down 15% from the prior year. This decline was primarily as a result of losses resulting from our participation in the debt exchange programmes, expenses we were obliged to write off related to the postponement of our initial public offering (IPO) and costs associated with the restructuring exercise carried out during the year. Despite this decline year over year, we continue to ardently pursue our aspiration of becoming a regional fortress. We have displayed resilience by growing our core loans and deposits by 26% and 10%, respectively, despite a difficult economic environment, and grew revenue in a declining interest rate environment that pressured our margins.

In 2013, we continued to produce value for our shareholders. Our return on assets was 2.1%, our return on equity was 12.3%, and our full-year earnings-per-share was $3.47. In the 2013 financial year, we also returned $2.7 billion in capital to our shareholders, as we increased our dividend payout ratio from 27% to 32%. NCB finished the year with a market capitalization of $47 billion (our stock price multiplied by the number of shares outstanding).

In addition, NCB's asset growth continues to be the highest in the market, a key business indicator for sustainable future income.

Our focus on sales, service effectiveness and product innovation over the past year has redounded to the benefit of our customers and the NCB Group and earned us international and local recognition. Notable among these accolades were: the naming of NCB Capital Markets Limited as the Best Investment Management Company in the Caribbean by the internationally acclaimed World Finance magazine following its 2013 World Finance Investment Management Awards; and National Commercial Bank Jamaica Limited reclaiming the Jamaica Exporters' Association Best Financial Services – Support Award for the seventh consecutive year. Additionally, NCB claimed the Human Resource Management Association of Jamaica's (HRMAJ) - Golden Leader Award for Innovation for a third consecutive year, and was named the Best Commercial Bank 2013 – Jamaica by the international Global Banking and Finance Review. We are also proud of our achievements in being recognized by the Jamaica Stock Exchange with awards for: Corporate Governance (4th consecutive year; joint winner for 2013), Best Annual Report (3rd consecutive year) and the coveted Governor General's Best Practices Award.

Group Managing Director's Message

Cont'd

Future Focus

We continue to employ greater flexibility in adjusting some policy initiatives to take into account changing market conditions. One vital pillar of this revised operational strategy is the recognition that the banking needs of our clients have evolved, requiring us to leverage the use of increased technology, reduce operating expenses through improved efficiencies, and maintain our unflinching focus on customers. This has propelled the advancement of our plans to radically transform the way we provide banking services, revolutionizing our customer experience and operational efficiency by supplying more convenient online banking service channels as we create the Bank of the Future.

Given these demands, organisational health and targeted engagement are imperatives that will be used to ensure that our people are high-performing and equipped with the requisite mindsets and capabilities to drive our business aspirations. We remain relentless in our pursuits to realize our Vision and value for our stakeholders, and I am proud to lead a team that shares this commitment.

Thank You

>expertise

Get more out of life.

With a team that has the knowledge
and can guide your life goals.

Our Leadership Team

Our leaders are the creators and implementors of our strategic and operational direction. Their roles require focus and flexible actions pursuant to value creation for all stakeholders.

Allison Wynter
General Manager Group Risk Management

ROLES & RESPONSIBILITIES:
Allison Wynter has responsibility for the identification, assessment, measurement, monitoring and management of the principal risks faced by the Group with particular emphasis on credit risk, market risk and operational risk.

Appointments & Special Achievements:
Allison is a member of the Group and Bank Asset & Liability Committees and serves on the Investment Management Committee of NCB Insurance Company Limited and the Risk Management Committees of NCB Insurance Company Limited, NCB Capital Markets Limited and NCB (Cayman) Limited. She is also a trustee of the NCB Staff Superannuation Fund (1999) and a member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica.

She is a Chartered Accountant, and holds the Chartered Financial Analyst designation, and has an MBA in Finance from the University of Manchester, a Masters in Accounts and a Bachelor of Arts (Hons.) degree from the University Of The West Indies.

Audrey Tugwell Henry
Snr. General Manager Retail Banking

ROLES & RESPONSIBILITIES:
Audrey Tugwell Henry is charged with responsibility for leadership of the Retail Banking Division. She implements initiatives that will allow the business to achieve its targeted growth and profitability, as well as evaluates market trends, both locally and internationally, in order to develop a wide array of banking solutions to meet consumer needs.

Appointments & Special Achievements:
Audrey serves on the boards of NCB Remittance Services (U.K) Limited, NCB Remittance Services (Jamaica) Limited, NCB Insurance Company Limited and J.E.T.S Limited.

Dave Garcia
Company Secretary & General Manager Group Legal & Compliance

ROLES & RESPONSIBILITIES:
Dave Garcia is responsible for providing the Bank and its subsidiaries with general advice, leadership and direction on all legal, regulatory, compliance and corporate secretarial matters. He is charged with overseeing the operations of the Group Legal & Compliance Division. He has primary responsibility for the management of the Group's legal and regulatory compliance risks, including the continuing development and implementation of our anti-money laundering and counter-terrorist financing programme.

Appointments & Special Achievements:
Dave is an Attorney-at-Law with Bachelor's and Master's degrees in law and a Certified Anti-Money Laundering Specialist. He is Chairman of Youth Reaching Youth, a charitable organisation, and a member of the Jamaica Bankers Association's Compliance Committee (of which he was previously Co-Chair) and Public Policy and Legislative Committee. He is also a member of the Jamaica Bar Association's Commercial Law Committee, and has previously served as its Convenor.

Dennis Cohen
Group Finance and Deputy Managing Director

ROLES & RESPONSIBILITIES:
Dennis Cohen has oversight responsibility for the Group's insurance and wealth management business segments, and provides leadership and oversight for the Group's financial planning and reporting. He is also responsible for monitoring the performance of the Group against strategy and budget, and overseeing the Group's transformation office and investor relations function.

Appointments & Special Achievements:
As the CEO of NCB Capital Markets Limited during the 2012-13 financial year, Dennis had responsibility for the day to day management of the Group's securities dealership and stock brokerage business, which forms a major part of the wealth management segment.

(Reference Profile under Board of Directors on Page 18 for more information)

Major Ffrench Campbell
Snr. Assistant General Manager
Group Facilities & Services

ROLES & RESPONSIBILITIES:

Major Ffrench Campbell is charged with the management of all facilities, which includes all construction projects, the acquisition and disposal of buildings, lands and equipment and the ongoing maintenance of all building systems and equipment that support the business. He also has portfolio responsibility for the security, safety, environmental and centralised purchasing portfolios for the Group.

Appointments & Special Achievements:

Ffrench holds a Bachelor's Degree in Engineering from the Royal Military College of Science, Cranfield in the United Kingdom and an Executive MBA from the University of the West Indies. He serves as a Board Member of the Private Security Regulatory Authority (PSRA) and is a Director for the Data Cap Processing subsidiary.

Howard Gordon
Snr. General Manager Group Operations and Technology

ROLES & RESPONSIBILITIES:

Howard Gordon is charged with reengineering the operating processes and practices to support the Group's customer service strategies, implementing initiatives to promote operational efficiency, ensuring the implementation and maintenance of a robust technology environment and leading the creation of an operations environment consistent with international banking practices to support the Group's risk management, sales and service strategies.

Appointments & Special Achievements:

Howard possesses a wealth of experience in auditing, risk management, operational management, business process re-engineering and productivity management as well as a working knowledge of information systems. He is a graduate of the Manchester School of Business at the University of Manchester where he earned his MBA and holds a first class honours degree in Business Administration from the University of Technology (Jamaica). He is an Associate of the Chartered Institute of Bankers (ACIB) London.

Mark Thompson
President and Chief Executive Officer, Advantage General Insurance Company Limited (AGIC)

ROLES & RESPONSIBILITIES:

Mark Thompson has responsibility for the development and execution of the strategic goals to propel the company to achieve its vision of becoming a globally recognized and innovative industry leader. In executing his leadership mandate, he provides direction to his team in financial, risk and performance management and corporate governance and compliance.

Appointments & Special Achievements:

Mark has a Bachelor of Commerce Degree from the University of Toronto with a minor in Actuarial Science and Economics and has been a member of the Canadian Institute of Chartered Accountants for over 15 years. He is a Director of the Insurance Association of Jamaica Executive Board and a member of the General Insurance Executive Committee.

He has worked in several prominent businesses in senior positions with the most recent being as the Chief Financial Officer for Cable &Wireless Jamaica Limited. He also worked in Canada for over 10 years and within the CARICOM region at companies such as KPMG, MGI Software and World Gaming Plc.

Mukisa Ricketts
Chief Internal Auditor Group Internal Audit

ROLES & RESPONSIBILITIES:

Mukisa Ricketts is charged with providing strategic direction and oversight of the internal audit activities for the NCB Group. Her role facilitates transparency of the Group's operations through independent and objective assurance on the effectiveness of the internal control environment.

Appointments & Special Achievements:

Mukisa is a Certified Internal Auditor with the Institute of Internal Auditors, USA, a Fellow of the Association of Chartered Certified Accountants (FCCA), UK, and a Fellow of the Institute of Chartered Accountants of Jamaica (FCA). Prior to joining NCB, she was Senior Audit Manager at Scotia Group Jamaica Limited. She began her career at PricewaterhouseCoopers where she held the position of Senior Accountant at the time of her departure.

Our Leadership Team

Cont'd

Nadeen Matthews
Snr. Asst. General Manager
Strategy, Marketing & Comm &
CEO of the NCB Foundation

ROLES & RESPONSIBILITIES:
Nadeen Matthews has responsibility for the Group's strategy development as well as all marketing, communications and corporate philanthropic policies and functions. Her role as CEO of the NCB Foundation involves direct executive responsibility for the operations and execution of various Corporate Social Responsibility initiatives undertaken by the NCB Group, through the NCB Foundation.

Appointments & Special Achievements:
Nadeen has been with NCB since 2010 as the Head of Strategy where she has worked with the leadership of the organization to establish cohesive, coherent and effective strategic plans for the Group and its subsidiaries. Her earlier work experience includes duties as Senior Associate at McKinsey & Company, Atlanta Georgia and Assistant Vice President at JPMorgan Chase in New York.

Patrick Hylton
Group Managing Director

ROLES & RESPONSIBILITIES:
Patrick Hylton is responsible for the strategic development of the organisation so that its sales, service and risk management goals are appropriately set and attained.

Appointments & Special Achievements:
Under Patrick's leadership NCB has maintained continuously strong performance, as well as won numerous awards locally and internationally.

(Reference Profile under Board of Directors on Page 18 for more information)

Rickert Allen
Snr. General Manager
Group Human Resources

ROLES & RESPONSIBILITIES:
Rick Allen's core mandates are the development and direction of strategies for the effective and efficient management of the human capital of the Group, in keeping with the organisation's strategic direction, in order to create a work environment conducive to high levels of employee productivity, engagement and customer service excellence. He also has overall responsibility for the Facilities and Services Division of the Group.

Appointments & Special Achievements:
Rick is a Chartered Fellow of the Chartered Institute of Personnel Development and an Executive Member of the Jamaica Employers' Federation (JEF). He has served on a number of boards and currently sits on the Boards of Advantage General Insurance Company Limited, National Council on Technical & Vocational Education & Training (NCTVET) and HEART Institute of the Caribbean. He is the Vice Chairman of the Board of HEART Trust/NTA and Chairman for the Corporate Governance Committee of the HEART Trust/NTA. He is also a member of the Society for Human Resource Management (SHRM), Human Capital Institute (HCI) and the UWI Mentorship Programme.

Septimus 'Bob' Blake
Snr. General Manager
Treasury & Correspondent Banking

ROLES & RESPONSIBILITIES:
Bob Blake provides overall direction and management of the interest rate risk, liquidity, investment portfolio, currency and financial institutions relationship functions, foreign exchange trading for the Bank and the Bank's Card Issuing and Acquiring business. He also has responsibility for the Group's Channels including the Customer Care Centre, ABMs and all alternative channels.

Appointments & Special Achievements:
Bob has received professional training in asset/liability & risk management both locally and overseas. He serves as Director on the boards of NCB Remittance Services (Jamaica) Limited; NCB Remittance Services (UK) Limited and NCB Capital Markets Limited. He is a member of the N.C.B. Foundation, serves on NCB's - Assets & Liabilities Committee - (ALCO), NCB Capital Markets Limited - Investment Management Committee and NCB Insurance Company Ltd - Investment Management Committee. Currently, he is the Jamaica Bankers Association (JBA) representative to the Bank of Jamaica Bankers Sub-Committee.

Steven Gooden
Chief Executive Officer NCB Capital Markets Limited

Vernon James
General Manager NCB Insurance Company Limited

ROLES & RESPONSIBILITIES:
Steven Gooden is charged with leading the performance of the Group's wealth management, asset management and investment banking business lines.

Appointments & Special Achievements:
Steven is a holder of the Chartered Financial Analyst (CFA) designation, has a Master's degree in Finance and Economics, a Bachelor's degree in Economics and Accounting, and has won many local awards in the areas of research and portfolio management. He is a director of Elite Diagnostic Limited and the Jamaica Stock Exchange and serves as Treasurer of the Jamaica Securities Dealers Association and the Wolmer's Old Boys Association. With seven years' experience at the senior management level, his background also includes research, unit trust & pension fund management, structured products, private equity, corporate finance and mergers & acquisitions.

ROLES & RESPONSIBILITIES:
Vernon James has overall responsibility for the strategic leadership of NCB Insurance Company Limited. He has portfolio responsibility for over $50B in Pension Funds under management and is charged with improving NCBIC market share, which today ranks number two.

Appointments & Special Achievements:
Vernon holds a Master of Sciences Degree in Financial Mathematics from the Warwick University in England and a Bachelors Degree in Mathematics from the University of the West Indies. He had acquired expertise in managing investments and securities trading, at Scotia Investments Jamaica Limited at the management level prior to joining the NCB Group in 2008. He is a member of the Insurance Association of Jamaica and a Director of the N.C.B. Foundation Board.

Management's Discussion & Analysis (MD&A)

The management of National Commercial Bank Jamaica Limited and its subsidiaries is responsible for the integrity and objectivity of the information contained in the Management's Discussion and Analysis (MD&A). The financial information disclosed in the MD&A is consistent with the financial statements presented. The information conveyed is based on the informed judgment of management with an appropriate consideration to materiality. In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorised and recorded, assets are safeguarded against unauthorised use or disposition and liabilities fully recognised. Importantly, the system of control is continually reviewed for its effectiveness and is supported by written policies and guidelines, qualified personnel, and strong internal audit procedures.

The MD&A is presented to enable readers to assess the operational results and financial condition of National Commercial Bank Jamaica Limited and its subsidiaries (hereafter referred to as the "NCB Group", "we", "our" and "our company") for the year ended September 30, 2013, compared with the corresponding periods in prior years. The MD&A should be read in conjunction with our audited consolidated financial statements and related notes for the year ended September 30, 2013. Unless otherwise indicated, all amounts are expressed in Jamaican dollars and have been primarily derived from the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

Corporate Overview

We are Jamaica's largest banking and financial services group, based on consolidated total assets at September 30, 2013. We provide individual consumers, small and medium-sized enterprises, or "SMEs", large corporations and government institutions with banking, wealth management, life & general insurance and pension fund management products & services. Founded more than 175 years ago, we provide banking, insurance, investments, structured & trade finance, wealth management, pension fund management, and trust services through more than 40 branches and locations. We also offer selected transactions such as bill payments, transfers, and enquiries at over 170 automated banking machines (ABMs), online (www.jncb.com) and via telephone banking.

As at September 30, 2013, our assets were $446.6 billion and we recorded net profits of $8.5 billion for the year ended September 30, 2013. For the financial years 2009 through 2013, we had an average return on equity of 21.21% and an average dividend yield of 6.69%.

The National Commercial Bank Jamaica Limited trades under the symbol "NCBJ" on the Jamaica Stock Exchange and Trinidad & Tobago Stock Exchange.

Performance Measurement

We continue to actively measure our key performance indicators against international benchmarks and internal targets set. We have monitored our strategy using the balanced scorecard, which contains both financial and non-financial measures covering areas that are important to all stakeholders - customers, employees, communities and shareholders.

Our financial measures include quantitative targets for net profit, revenue, core balance sheet line items, return on equity, market share, capital management and strength, risk management, delinquency management and operational efficiency. Our non-financial targets include objectives in the areas of sales effectiveness, customer service improvement, innovation, customer satisfaction, customer loyalty, employee satisfaction, employee engagement, corporate social responsibility, community involvement, and corporate governance.

We monitor our performance as frequently as is required to be able to proactively respond to changes in our environment. We couple these performance reports with forward looking projections to ensure prudent and timely decision making. Additionally, we do forecasting and planning to assist the leadership team in effectively managing the business. We actively pursue our strategic imperatives and review outcomes using the defined strategic measures to ensure alignment with the overall mission of the organisation.

NET PROFIT ($M)	
2013	8,550
2012	10,046
2011	13,885
2010	11,075
2009	10,248

EARNINGS PER SHARE	
2013	$3.47
2012	$4.08
2011	$5.64
2010	$4.50
2009	$4.16

Contents

Our Operating Environment

International Market

For the period October 1, 2012 to September 30, 2013, the international market witnessed high levels of volatility in response to economic indicators which pointed to a rocky global recovery. In the US, there were promising signs in unemployment which fell to 7.2% in September 2013 from 7.8% in the prior year. This, together with the recovery in the housing market, prompted the Federal Reserve to consider tapering its bond buy-back programme - Quantitative Easing (QE 3) in May. QE was one of the key accommodative policy measures implemented to return the US economy to growth by increasing liquidity and keeping interest rates low.

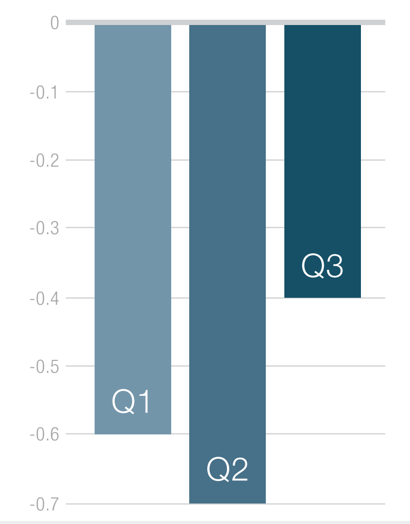
Following this pronouncement, however, stocks declined, bond yields rose and higher rates threatened the recovery in the housing market. This forced the Federal Reserve to delay its decision at the September meeting until the economy and key sectors showed signs of sustainability. With economists forecasting that the two-week US government shutdown will have a negative impact on growth in the final quarter of 2013, a QE taper could be delayed even further. Soft conditions in the US have prompted the Bank of Canada to revise its growth forecast for that economy to 1.6% for 2013, down from 1.8% in July as the expected pick-up in Canadian exports is yet to materialize.

The Eurozone has emerged from an 18-month recession helped by increased output from the larger economies such as Germany and France. However, most economists believe the recovery is too sluggish to overcome the deep problems ailing the region, including mass unemployment, high debt levels and weak financial institutions, any time soon. The European Commission is forecasting that the Eurozone will grow by 1.1% in 2014.

The familiar theme in the advanced economies is that growth is positive but weak and could remain fragile in the near future. This will continue to filter through to the developing countries which are largely export dependent. The International Monetary Fund (IMF) forecasts, that the global economy will expand by 2.9% in 2013 and 3.6% in 2014. This projection takes into account the downside risk relating to the expected slowdown in the developing economies.

Local Economy

The Jamaican economy has contracted for the first three quarters of the 2012-13 financial year recording quarterly declines in the range of 0.4% to 0.7%. This reflected the lingering effects of Hurricane Sandy and the National Debt Exchange (NDX) which reduced profits in the financial sector, and generally weak local demand. The September quarter survey of Business & Consumer Confidence revealed that consumer confidence fell to its lowest level since 2003 - the second lowest level on record. The rapid depreciation in the local currency and the unemployment rate being at a 16 year high of 16.3% (April 2013), have weighed on sentiments. The Planning Institute of Jamaica (PIOJ) indicates that the economy grew by 0.6% in the 2013 period. Barring any other natural disasters, the Agricultural sector should recover from the effects of Hurricane Sandy, propelling growth in the Goods Producing Industry. There are also some positive signs in construction as low interest rates have led to a rise in housing starts (up 219.6%), completions (37.4%) and the volume of mortgages (17.7%). However, downside risks remain, particularly in the Services Industry. Tourism will be affected



JAMAICAN ECONOMY REMAINS IN RECESSION

by the subdued activity in source markets such as the US and Canada, while the Finance and Insurance segment will be affected by the lingering effects of the NDX and the shift to off-balance sheet activity by securities dealers. High unemployment is also a worrying sign and could restrict business and consumer investment and spending plans.

Fiscal

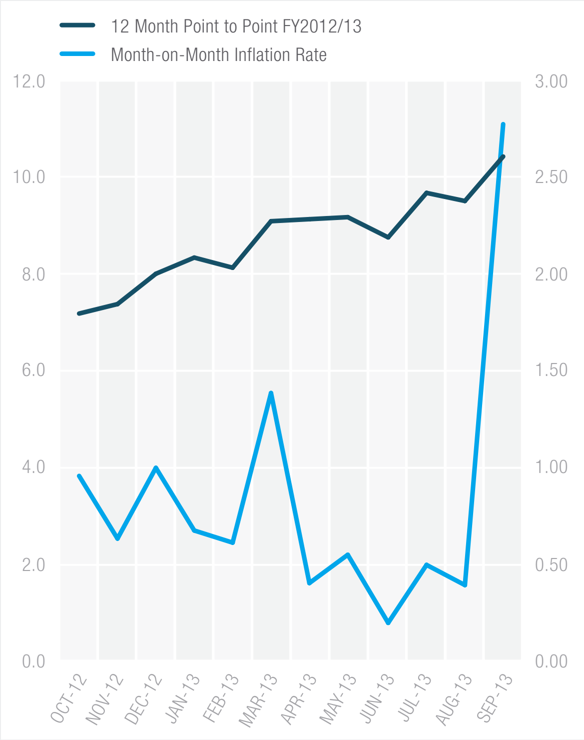
In Fiscal Year 2012-13, the government recorded a deficit to Gross Domestic Product (GDP) of 4.0% which fell short of the 3.8% target. The primary balance was 5.4%, falling short of the 6.0% target. Despite the shortcoming in the previous year, the government has set out to meet an even more ambitious target under the IMF programme in FY2013-14 which includes a 0.4% deficit and 7.5% primary balance. The fiscal year to September outturn shows that at $6.61Bn the government was ahead of its $17.01Bn year to date deficit target due to expenditure cuts. In addition, the primary balance stood at $43.03Bn, 12.6% in excess of target. Recurrent Expenditure was 5.0% less than budget, helped mainly by savings on interest costs and programmes. At 8.9% below budget, cuts in Capital Expenditure provided the biggest cost savings.

Things were different on the revenue side, however, with revenues and grants registering a 0.3% shortfall at $184.53Bn. Tax revenues were 3.4% below budget as receipts from "Income and Profit" and "International Trade" underperformed by 5.2% and 4.5%, respectively. Of special note is the 6.2% shortfall in income tax Pay As You Earn (PAYE) receipts which account for the majority (62.5%) of revenues from Income and Profit. Rising unemployment levels mean that PAYE receipts could continue to underperform throughout the year. In FY2012-13, PAYE receipts registered a shortfall of 7.6% after being just 4.0% behind budget up to September 2012. Tax on dividends and interest were also significantly below target. A number of listed companies have either suspended or shrunk dividend payments in light of weaker financial performances. As such, the 10 percentage point increase in dividend taxes to 15% has not yielded the desired outcome as receipts fell 56.9% below budget.

The weak economic climate will continue to pose a challenge to the government particularly in terms of revenue receipts. PAYE and dividend income should continue to fall short of projected levels given high unemployment and falling corporate profitability. While the government has signed a wage agreement with public sector workers and is seeking to reduce wage costs to 10.5% in the current year and eventually 9% of GDP in FY2015-16, rising Treasury-Bill yields will affect interest costs as over 33.3% ($338.10Bn) of the domestic debt portfolio is variable rate. Given the outlook for revenues, meeting the fiscal targets will be difficult and the Government of Jamaica (GOJ) may need to find alternate revenue sources to supplement its budget.

Inflation

As at September 2013 the point-to-point inflation rate stood at 10.4%. The passage of Hurricane Sandy in the first month of the financial year reduced the supply of agricultural produce and resulted in an upward movement in food prices - the most heavily weighted category in the index. Ironically, food prices were also affected by drought conditions later in the year which negatively impacted yields on some agricultural crops. Inflationary impulses were also attributed to the pass-through effect of the accelerated depreciation of the Jamaican Dollar (JMD). This resulted in higher input costs, the effects of which were evident particularly in electricity and food prices. The strongest monthly increase came in September when the index rose by 2.8%, the highest since July 2008. This movement was driven by the 25% increase in bus fares, higher taxi fares and back to school expenses.

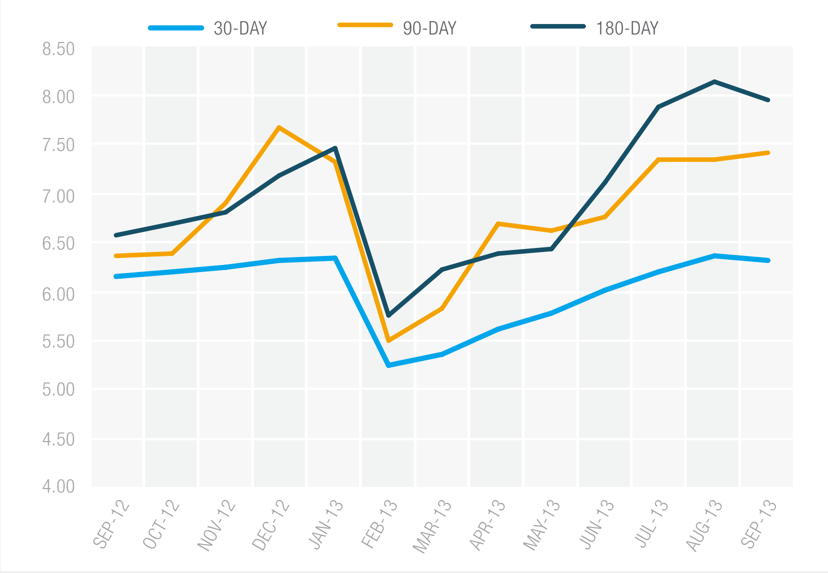


12 MONTH POINT-TO-POINT INFLATION RATE

In the new financial year consumer prices are likely to continue to rise. The 18% increase in water rates by the National Water Commission which took effect in November 2013 will put upward pressure on the 'Housing, Water, Electricity, Gas and Other Fuels' category. The accelerated depreciation of the local currency against the US dollar (USD) has resulted in an increase in direct costs for manufacturers and consequently the prices consumers pay for these goods. We anticipate further pass-through of costs to consumers in order to preserve margins. Consumers have responded to higher prices through spending cuts and or substituting higher priced products for cheaper ones. The generally weak economic environment should temper these inflationary impulses. That being said, the inflationary outturn for FY2013-14 will likely breach the upper bound of the Bank of Jamaica's (BOJ's) projected 8.5% to 10.5% range.

Interest Rates

While the BOJ has largely kept interest rates steady throughout the financial year, market rates rose steadily in the second half of the year. Having held its benchmark rate firm in the first five months of



T-BILL YIELDS RISE FOLLOWING NDX

Our Operating Environment

Cont'd

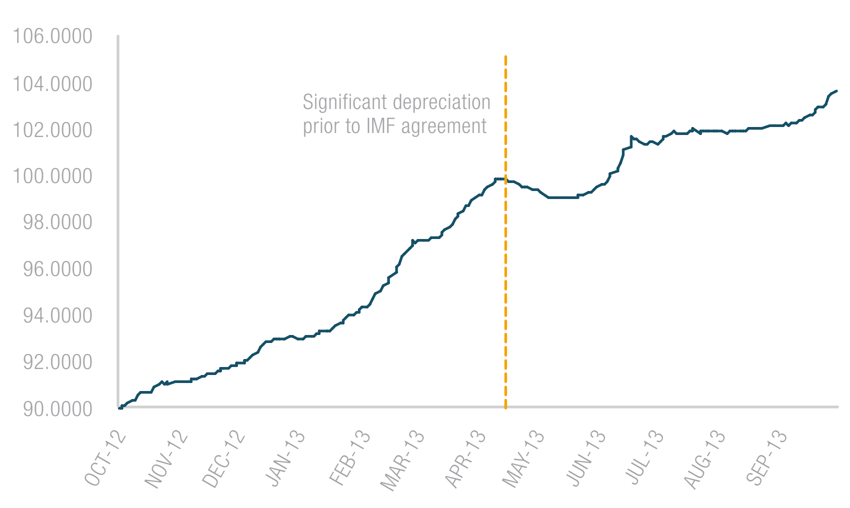
the year, the BOJ reduced rates on its 30–day Open Market Operation (OMO) instrument once by 50 basis points to 5.75% after the settlement of the NDX in February.

However, tight liquidity conditions have kept market interest rates on an upward trend in the post NDX environment. Efforts by the BOJ to help maintain exchange rate stability through tight JMD liquidity management has contributed to low money market liquidity and has placed upward pressure on short term rates. Treasury bill yields have risen with the longer tenure instruments seeing the most significant increase. The 180-days instrument rose 139 bps to 7.96% as at end September 2013. The yields on the 30-days and 90-days instruments have increased 16 bps and 106bps to 6.32% and 7.42%, respectively. Given tight JMD liquidity and the BOJ's continued presence in the local market, market rates could rise further. This is likely to have adverse implications on the fiscal outturn for the year given that the GOJ's variable rate notes are re-set on the 90-day Treasury Bill yields.

Exchange Rate

The pace of currency depreciation accelerated during the year precipitated by a number of factors including weak USD inflows from traditional foreign currency generating industries and heavy demand driven mainly by heightened investor uncertainty. At the end of September 2013, the weighted average selling rate for the USD stood at J$103.60, which represented a 13.2% year-on-year depreciation, three times the pace of the prior year. Much of this (9.6%) happened prior to the May 1st approval of the Extended Fund Facility (EFF) with the IMF as the delay in securing an agreement resulted in increased investor uncertainty and demand for hard currency. However, balance of payment problems also continued to impact currency movements. Last fiscal year, the current account deficit was 12.4% of GDP. With lackluster investment flows given the weak economic growth outlook, the foreign exchange market has been affected by low USD inflows. The BOJ has had very limited room to shore up supply imbalances given that the Net International Reserves (NIR) remains just slightly ahead of its target.

While the NIR as at September 2013 stood at US$910.14Mn, which was 3.1% above the target under the IMF agreement of US$883Mn, the BOJ is expected to be constrained in its involvement in the market in the near term. Demand, however, is likely to cool in 2014 particularly if Jamaica continues to meet its IMF targets and the recovery in advanced economies gathers momentum. Inflows from remittances and tourism during Christmas and increased inflows from multinationals should help to ease supply pressures. As such, the pace of depreciation should slow as the current financial year progresses.



JMD DEPRECIATED 13.2% LAST FY

Bond Market

GOJ Global Bond prices have declined year on year in the face of the uncertainties surrounding the IMF agreement, the recession and risks relating to the fiscal underperformance. There was also the threat of the tapering of QE which resulted in funds flowing out of the Emerging Market Debt market. The most significant price movements were seen along the middle to the end of the curve as the 2022 bonds fell 5.4% while the 2036 bonds and 2039 bonds have lost 4.0% and 6.5% respectively. The 2015 bonds registered a marginal upward movement of 0.5% and were the least volatile among the GOJ globals, which hints at a preference for shorter durations in light of the uncertainty.

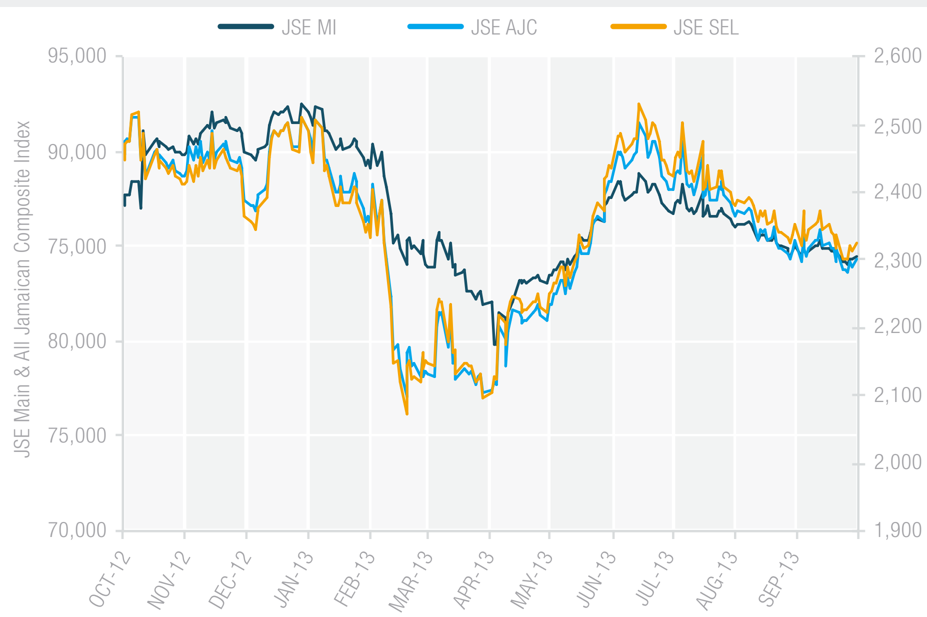
Unimpressive economic data from advanced economies will continue to affect bond trading activity going forward. However with the US shutdown out of the way and indications that the monetary stance will likely remain accommodative until 2014, bond prices should remain stable. The recent upgrade in Jamaica's credit ratings to B- from CCC+ should help to support prices. This however is predicated on the government's ability to maintain fiscal discipline, meet the IMF targets and return the economy to growth in the near term. That said, the tapering of QE and a resulting rise in US interest rates remains a risk to GOJ and other emerging market bond prices in 2014.

Stock Market

During the 2012-2013 financial year, stock market activity remained relatively subdued and all major indices ended the review period on a low. The Main Jamaica Stock Exchange (JSE) Index declined by 3.1%, while the All Jamaica Composite Index moved down by 6.0% and the Jamaica Select Index by 5.0%. The decline was not gradual as there were bouts of volatility as the economic environment and weak company fundamentals affected investor sentiment. The market fell significantly following the announcement of the NDX as investors priced in the impact on financial institutions. Six financial institutions were among the top ten worst performing stocks in February. Investors' fears were confirmed in the March quarter earnings releases as most financials recorded lower profits. Earnings of other listed companies were also challenged by the economic climate as they found it difficult to fully pass on higher input prices to customers in the context of a weak economy. In addition, some investors sought haven in USD assets to hedge their currency risk which adversely impacted the demand for local equities. However, following the signing of the IMF agreement in May, buyers returned to the market and stocks advanced to reflect renewed confidence.

The Junior Market fared better than the main market with the index rising by 19.1% during the year. Better earnings outturn from Junior Market companies, especially from manufacturers, spurred investor sentiments toward these stocks and resulted in a pickup in trading activity. There were five new junior market listings during the year. With the government set to have the tax-incentive for junior market listings reduced starting January 1, 2014 and eventually phased out by 2021, it is likely that this will incentivize more small companies to fast forward plans to raise equity funding.

The stock market outturn has largely reflected the weaker financial performance of listed companies due to the impact of the NDX and the economy. That said, the market has largely priced in the effects of the weaker financial performance as a result of the fragile economy.



LOCAL STOCK MARKET AFFECTED BY WEAK ECONOMIC CONDITIONS

As such, there are a number of attractive equity investments. Given negative real interest rates and with limited attractive options for retail investors, the stock market remains an avenue through which higher returns can be sought. An expected increase in institutional demand from the roll out of new Unit Trust portfolios is likely to boost prices. In addition, investor confidence could improve particularly if the PIOJ's growth projections materialize and Jamaica hurdles its next quarterly IMF test. These factors bode well for improved performance of local stocks.

Outlook

The trend in the major economic indicators all point to headwinds for businesses and consumers alike. Economic output continues to contract and with low confidence, consumers and businesses have shelved spending and investment plans. The pace of depreciation in the local currency is a major concern given the impact on inflation which has hit double digits despite weak demand.

The primary focus in the current year will remain on fiscal prudence as this is critical to the success of the new IMF agreement. The successful completion of the IMF programme is important as it should help to correct some of the structural impediments to growth in the economy. That said, the government will have to maintain its austere stance in order to meet these quantitative targets, while ensuring adherence to deadlines for the structural benchmarks. Considering weak consumer demand locally and slower growth in the economies of our major trading partners, this will be a difficult task and the operating environment will remain challenging.

There are opportunities for growth, however, in the medium term as global growth gathers momentum. This should result in positive pass through effects on key industries such as Tourism and Mining & Quarrying and help to alleviate some of the challenges currently being faced.

Our Financial Performance

Financial Performance Review

We delivered commendable financial results in the context of an uncertain economic environment. The financial performance in 2013 has been characterised by strong growth in our core operating income, strong loan and deposit growth and lower credit losses in 2013 when compared with 2012. This was a direct result of our targeted strategy to achieve sales effectiveness while delivering superior customer experience. Our customers are the core of our business and we seek to provide innovative value added solutions to their financial needs.

2013 Financial Performance

We recorded net profits of $8.5 billion for the financial year ended September 30, 2013, a decline of $1.5 billion or 15% from the previous financial year. The decrease in profitability was as a result of increased operating expenses, lower asset yields, and losses incurred on debt exchange transactions.

Operating income, the sum of net interest income and non-interest income, was $38.0 billion for the 2013 financial year, an increase of $3.4 billion, or 10%, over the 2012 financial year. For the financial year ended September 30, 2013, net interest income of

TABLE 1 SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in millions, except per share amounts)	2008	2009	2010	2011	Restated* 2012	**2013**	% Change Financial Year 2013 vs. Financial Year 2012	Five-year compounded annual growth rate (CAGR)
CONSOLIDATED INCOME STATEMENT								
Net interest income	15,826	18,880	20,650	21,151	21,784	**23,559**	8%	8%
Non-interest income	8,980	8,392	8,774	13,521	12,763	**14,407**	13%	10%
Operating income	**24,806**	**27,272**	**29,423**	**34,672**	**34,547**	**37,966**	10%	9%
Staff Costs	7,281	7,990	9,253	9,240	9,756	**11,270**	16%	9%
Provision for credit losses	468	1,028	948	769	2,463	**2,066**	(16%)	35%
Non-interest expenses	6,413	5,083	5,935	9,175	10,148	**14,483**	43%	18%
Net profit	8,701	10,248	11,075	13,885	10,046	**8,550**	(15%)	(0.4%)
Earnings per share ($)	3.54	4.16	4.50	5.64	4.08	**3.47**	(15%)	(0.4%)
Dividends per share ($)	1.14	0.88	1.90	1.36	1.10	**1.11**	1%	(1%)
Investment securities	154,572	167,719	200,133	204,748	210,654	**234,437**	11%	9%
Net loans	82,169	88,178	85,995	91,728	111,905	**141,150**	26%	11%
Total assets	291,153	315,096	334,970	359,618	379,436	**446,575**	18%	9%
Customer deposits	126,100	130,331	144,283	155,800	162,930	**178,411**	10%	7%
Repurchase agreements	69,620	77,374	85,293	84,075	101,890	**117,377**	15%	11%
Liabilities under annuity and insurance contracts	16,534	19,115	20,406	23,564	25,194	**33,915**	35%	15%
Equity	31,313	41,016	48,808	61,977	66,343	**72,457**	9%	18%

* Restated to conform to the 2013 financial statements presentation format.

$23.6 billion, grew by $1.8 billion, or 8%, compared to the financial year ended September 30, 2012, mainly as a result of increased interest income from loans. Net interest income represented 62% of operating income for the 2013 financial year, compared with 63% for the 2012 financial year. Non-interest income of $14.4 billion for the 2013 financial year represented 38% of operating income, compared with $12.8 billion in the 2012 financial year (37% of operating income). We continue to proactively manage our spreads and net interest margins, while upholding strong risk management practices. We believe our diversified business model and strong risk discipline will keep us on a sustainable growth path.

Operating expenses for the 2013 financial year were $27.8 billion, a $5.5 billion, or 24%, increase over the 2012 financial year. The increase over 2012 reflected inflated operating costs driven by additional revenue sources from the general insurance segment and other costs associated with the postponed initial public offering and initiatives to improve efficiency, productivity and performance management, as well as maintain the growth in our core business.

In February 2013, we acquired the entire issued share capital of Advantage General Insurance Company Limited (AGIC). The results of AGIC were included in the consolidated results of the Group for the year ended September 30, 2013.

TABLE 2 **KEY RATIOS AND PER COMMON SHARE DATA**

	Year ended September 30		
	2011	2012	**2013**
PROFITABILITY RATIOS			
Return on average total assets	4.00%	2.72%	**2.07%**
Return on average equity	25.07%	15.66%	**12.32%**
Cost to income ratio	52.36%	56.26%	**67.60%**
CAPITAL RATIOS			
Risk-based capital adequacy ratio (Bank)	15.18%	12.96%	**12.58%**
Capital to risk weighted assets (NCB Capital Markets)	35.71%	26.20%	**20.90%**
Solvency ratio (NCB Insurance)	34.73%	34.64%	**36.30%**
Minimum capital test (Advantage General Insurance) *	261.38%	251.62%	**251.71%**
Equity to total assets	17.23%	17.48%	**16.22%**
PER COMMON SHARE DATA			
Dividend payout ratio	24.11%	26.96%	**31.99%**
Dividend yield	4.98%	5.02%	**5.84%**
Book value	J$25.18	J$26.95	**J$29.44**
Market Price - Jamaica Stock Exchange (JSE)			
High	J$29.49	J$34.00	**J$25.95**
Low	J$16.50	J$21.00	**J$16.02**
Year end	J$27.29	J$21.90	**J$19.00**
Market Price - Trinidad and Tobago (TTSE)			
High	TT$2.30	TT$2.25	**TT$1.65**
Low	TT$1.35	TT$1.60	**TT$1.10**
Year end	TT$2.09	TT$1.60	**TT$1.13**

*Advantage General Insurance Company Limited was acquired in February 2013, we have included the September 2012 and 2011 Minimum Capital Test Ratio for comparative purposes only; the company's results were not included in the 2012 and 2011 Group financial results.

Our Financial Performance

Cont'd

Outlook

We continue to pursue activities aligned to our strategy of being among the top five financial services institutions in the English and Spanish speaking Caribbean. Our focus will continue to be driven by the principle of continuous improvement focused on enhancing the customer experience through the use of technology, deepening customer relationships, improving sales and service productivity and establishing lean principles with an aim to reducing operating expenses through improved efficiencies. We have launched our 'Bank on the Go' self-service facilities which are aimed at improving customer experience and operational efficiency. This channel will have 24-hour accessibility and offer customers a cost-effective and efficient medium in which to conduct

TABLE 3 **SEGMENT SELECTED FINANCIAL DATA (1)**

	Consumer and SME					
	RETAIL & SME			PAYMENT SERVICES		
Year ended September 30,	2011	2012	**2013**	2011	2012	**2013**
SEGMENT'S CONTRIBUTION OF PERFORMANCE (%)						
{SEGMENT RESULT AS A PERCENTAGE OF CONSOLIDATED STATEMENT RESULT}						
Total revenue	30.6%	33.7%	**32.7%**	11.2%	12.7%	**14.7%**
Net interest income	42.3%	46.1%	**46.7%**	6.1%	7.0%	**8.3%**
Total operating income	34.0%	38.4%	**38.3%**	9.9%	11.2%	**12.5%**
Total operating expenses	34.3%	33.0%	**33.0%**	6.7%	6.3%	**7.2%**
Operating Profit	8.9%	12.9%	**7.8%**	10.8%	15.6%	**20.7%**
Total Assets	36.8%	37.5%	**33.9%**	2.0%	2.5%	**2.7%**
SELECTED SEGMENT PERFORMANCE INDICATORS (%)						
Cost to income ratio	85.1%	83.0%	**85.0%**	38.7%	40.2%	**42.0%**
Operating profit as a percentage of average assets	1.1%	1.1%	**0.5%**	22.9%	23.0%	**19.7%**
SELECTED SEGMENT FINANCIAL DATA						
(In Millions)						
Total Revenue	13,712	14,985	**16,000**	5,014	5,655	**7,206**
Total Operating Income	11,798	13,283	**14,556**	3,442	3,877	**4,758**
Net Interest Income	8,947	10,043	**11,010**	1,296	1,523	**1,953**
Non-Interest Income	2,850	3,240	**3,545**	2,145	2,354	**2,805**
Total operating expenses	6,584	7,391	**9,175**	1,278	1,410	**1,997**
Staff costs	4,065	4,301	**5,237**	236	186	**313**
Operating profit	1,377	1,571	**793**	1,666	1,899	**2,098**
Segment assets	132,354	142,309	**151,551**	7,095	9,435	**11,839**
Segment liabilities	121,546	126,705	**138,952**	6,831	7,187	**7,607**

(1) Segment data do not give effect to the elimination of intersegment transactions.

business. We believe there are always opportunities within the banking and financial services sector and will uncover and exploit these opportunities. We are well positioned and possess a competitive advantage in many areas that will foster our growth and continued success.

In addition to delivering superior products and services, we also look to offer attractive innovative solutions to meet customers' financial needs. Our investment in our human capital and our commitment to nation building through community, sports and youth development are ongoing and will continue.

Corporate Banking			Treasury & Correspondent Banking			Wealth Management			Life Insurance & Pension Fund Management			General Insurance
2011	2012	**2013**	2011	2012	**2013**	2011	2012	**2013**	2011	2012*	**2013**	**2013**
9.0%	8.3%	**8.4%**	23.4%	21.3%	**16.6%**	21.7%	21.4%	**18.7%**	15.3%	13.1%	**11.3%**	**8.1%**
10.5%	8.8%	**6.8%**	14.3%	12.6%	**13.2%**	19.0%	17.5%	**15.6%**	7.7%	7.7%	**7.2%**	**1.4%**
7.9%	7.0%	**5.6%**	15.1%	13.4%	**7.8%**	16.4%	16.1%	**13.2%**	16.3%	13.9%	**12.0%**	**10.4%**
1.7%	8.7%	**3.2%**	3.4%	3.4%	**3.1%**	5.3%	7.1%	**4.1%**	17.1%	11.1%	**8.5%**	**12.2%**
13.5%	0.8%	**8.4%**	28.1%	29.6%	**18.5%**	30.2%	32.6%	**38.2%**	15.4%	18.9%	**21.4%**	**5.5%**
11.2%	11.5%	**13.2%**	34.9%	32.6%	**31.2%**	28.6%	28.6%	**28.5%**	8.9%	8.9%	**8.0%**	**2.3%**
25.4%	40.2%	**56.7%**	11.9%	22.3%	**36.4%**	17.9%	20.1%	**20.9%**	57.8%	52.0%	**52.1%**	**85.8%**
4.9%	0.2%	**1.7%**	3.3%	2.9%	**1.4%**	4.8%	3.8%	**3.3%**	8.3%	7.0%	**6.2%**	**5.4%**
4,021	3,687	**4,101**	10,497	9,458	**8,140**	9,699	9,497	**9,130**	6,835	5,840	**5,536**	**3,950**
2,724	2,419	**2,109**	5,245	4,646	**2,945**	5,693	5,553	**5,015**	5,668	4,789	**4,540**	**3,950**
2,213	1,914	**1,609**	3,032	2,749	**3,119**	4,017	3,805	**3,675**	1,636	1,679	**1,690**	**318**
511	505	**500**	2,213	1,898	**-174**	1,676	1,748	**1,340**	4,033	3,111	**2,850**	**3,632**
326	1,948	**880**	643	763	**856**	1,020	1,585	**1,134**	3,276	2,492	**2,366**	**3,388**
228	199	**246**	128	141	**129**	428	512	**429**	435	517	**482**	**449**
2,097	95	**850**	4,357	3,611	**1,874**	4,673	3,968	**3,881**	2,392	2,298	**2,173**	**562**
40,149	43,742	**58,753**	125,622	123,727	**139,239**	102,832	108,561	**127,198**	31,904	33,848	**35,865**	**10,420**
31,421	35,069	**45,753**	111,575	111,825	**127,611**	85,028	92,833	**110,512**	23,700	25,401	**26,690**	**7,434**

* The 2012 financial data for the Life Insurance and Pension Fund Management segment was restated to conform to the 2013 financial statements presentation format.

Our Financial Performance

Cont'd

Operating Segment Results

CONSUMER & SME

The Consumer and SME segment includes our Retail and SME Banking and Payment Services businesses. This incorporates the provision of banking services to individual and small and medium business clients, money remittance and card related services.

RETAIL & SME

We reported operating profit for the segment of $793 million, a decline of 50%, or $778 million. The external revenue for this segment grew by 14%, or $1.7 billion, over the 2012 financial year driven by growth in loan income and fee income. Net interest income for the segment grew by 10%, or $968 million, to $11.0 billion mainly due to growth in the loan portfolio; interest income improved by 7%, or $764 million. We experienced a 27% and 36% growth in the Consumer loan portfolio and SME/business loan portfolio, respectively. The consumer portfolio represents 66% of the Retail & SME portfolio. Net fee and commission income increased by 8%, or $256 million, which was primarily driven by the increased volumes in loans processed. Total operating expenses of $9.2 billion increased by 24%, or $1.8 billion, and this increase in operating expenses was primarily as a result of increased staff costs and increased loan loss provisions.

PAYMENT SERVICES

For the Payment Services segment we reported operating profit of $2.1 billion, an increase of 10%, or $199 million. The external revenue for this segment grew by 27%, or $1.6 billion, over the 2012 financial year. Net interest income for the segment grew by 28% or $430 million due to growth in the credit card receivables portfolio; interest income improved by 27%, or $565 million. Net fee and commission income increased by 19%, or $435 million. Total operating expenses of $2.0 billion increased by $587 million or 42%, and this increase in operating expenses was primarily as a result of increased staff costs, loan loss provisions and increased costs associated with the implementation of strategic initiatives.

CORPORATE BANKING

Our Corporate Banking segment, which offers banking services mainly to large corporate clients, generated operating profits of $850 million, representing growth of 797%, or $755 million, over the 2012 financial year. This business segment experienced a downturn in profitability in the 2012 financial year mainly due to loan losses on a large loan; the segment was returning to normalcy in the 2013 financial year. External revenue of $4.1 billion increased by 11%, or $412 million. Net interest income earned for the year was $1.6 billion, representing a decrease of $304 million or 16%. There was a reduction of 55%, or $1.1 billion, in total operating expenses mainly as result of decreased loan loss provisions of $1.3 billion.

TREASURY AND CORRESPONDENT BANKING

Our Treasury and Correspondent Banking segment incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships and relationships with other financial institutions as well as foreign currency dealing activities. This segment achieved operating profits of $1.9 billion for the 2013 financial year which represented a decrease of 48%, or $1.7 billion; which was mainly attributed to the losses on the debt exchanges. External revenue of $6.1 billion decreased by 27%, or $2.2 billion, in addition to the losses on the debt exchanges, the resultant market conditions caused reduced spreads and lower trading volumes in fixed income securities. Net interest income increased by 13%, or $370 million, over the 2012 financial year and gains on foreign currency and investment activities decreased by $2.1 billion. This included $1.3 billion in losses on the debt exchange transactions. Total operating expenses grew by $94 million or 12% primarily due to the increased depreciation and amortisation costs coming from the implementation of a new treasury management system, and increased professional fees and courier charges.

WEALTH MANAGEMENT

Our Wealth Management segment consists of stock brokerage services, securities trading, investment management and other financial services provided by overseas subsidiaries. This segment was the largest contributor to operating profits recording $3.9 billion, a slight decrease of 2%, or $87 million, from the previous financial year. External revenue of $8.3 billion decreased by 7%, or $601 million. Net interest income declined by 3%, or $130 million, and gains on foreign currency & investment activities decreased by $403 million or 27%. Total operating expenses of $1.1 billion decreased by 28%, or $451 million, and this was primarily caused by a reduction in impairment losses of $381 million and reduced staff costs.

LIFE INSURANCE AND PENSION FUND MANAGEMENT

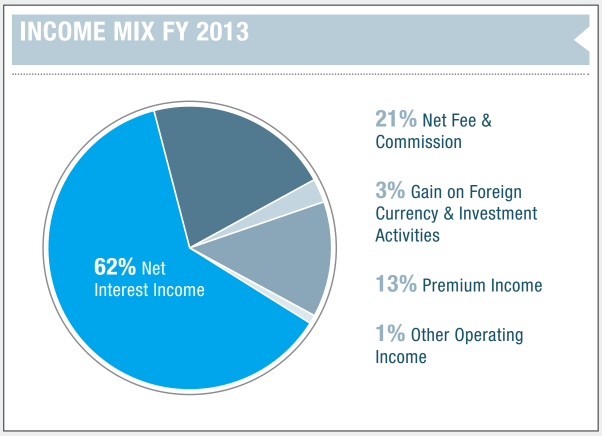
Our insurance and pension fund management segment achieved operating profits of $2.2 billion, a decrease of $124 million. This segment incorporates the results of the life insurance, pension and investment management businesses of the Group. External revenue of $5.5 billion declined by 5%, or $305 million. Net interest income of $1.7 billion increased by $11 million over the 2012 financial year. Net fee and commission income grew by 10%, or $89 million, and gains on foreign currency and investment activities decreased by 56%, or $277 million. Premium income declined by 6%, or $97 million, mainly due to fewer and less significant annuity contracts being written. Total operating expenses of $2.4 billion decreased by 5%, or $125 million, which was mainly due to a decline in policyholders' and annuitants' benefits and reserves and lower staff costs.

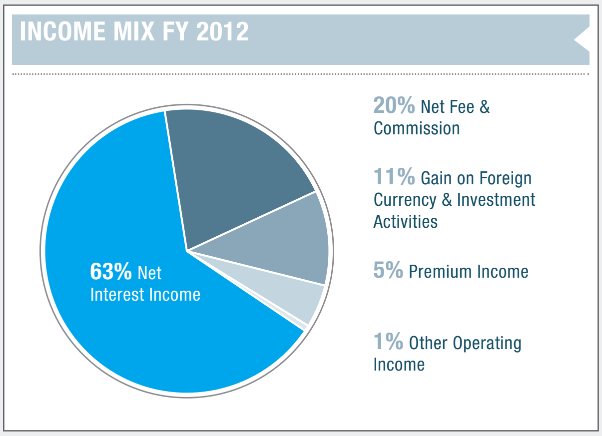
GENERAL INSURANCE

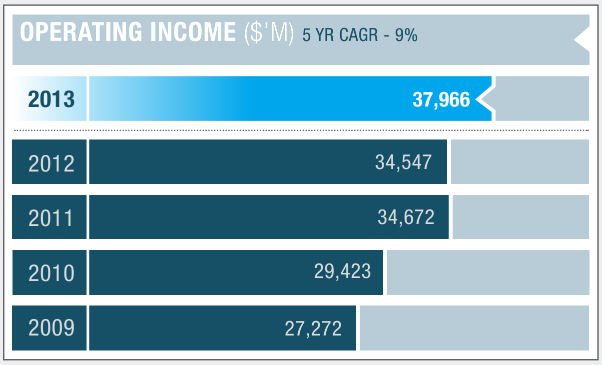
Our general insurance segment is the newest business segment in our Group, following the acquisition of AGIC. The results of the company were included from February 2013 after the finalisation of the acquisition. The business segment achieved operating profits of $562 million. This segment incorporates the results of general insurance business, which includes property and casualty insurance. External revenue earned was $3.9 billion. Net interest income was $318 million and premium income $3.4 billion. Total operating expenses were $3.4 billion which included $2.4 billion in policyholders' and annuitants' benefits and reserves.

Operating Income

Operating income comprises mainly net interest income, net fees & commissions, gains on foreign currency and investment activities, insurance premium income and dividends. Total operating income grew by 10% or $3.4 billion over the financial year ended September 30, 2012 to end the financial year ended September 30, 2013 at $38.0 billion.







Net Interest Income

The Group's net interest income totalled $23.6 billion for the 2013 financial year, an increase of $1.8 billion, or 8%, over the 2012 financial year.

- Interest income from loans grew by $2.5 billion, or 18%, over the 2012 financial year. This increase was due to the 26% growth in our loan portfolio amounting to $29.2 billion, when compared to the 2012 financial year. The main contributor to this growth was the 29% increase in our Retail and SME loan portfolio; this segment now accounts for 54% of the total loan portfolio. Our corporate banking and payment services segments grew by 24% and 19%, respectively. There were decreases in the loan yields; however the volume growth outweighed the negative impact of the reduction in rates.
- In the 2013 financial year, we continued to experience reduction in the yields on investments which contributed to the $181 million, or 1%, reduction in interest income from investment securities despite the growth in volume of the portfolio. The impact of the reduction was minimised by the growth in the investment securities and reverse repurchase agreement portfolios of $23.7 billion, or 11%, over the 2012 financial year.
- Our interest expense costs grew year over year by $560 million, or 6%, which was primarily due to an increase in funding balances and higher repurchase agreement, securitisation arrangement and borrowings from other financial institutions costs. Our funding portfolio increased by $56.6 billion or 19%.

Our Financial Performance

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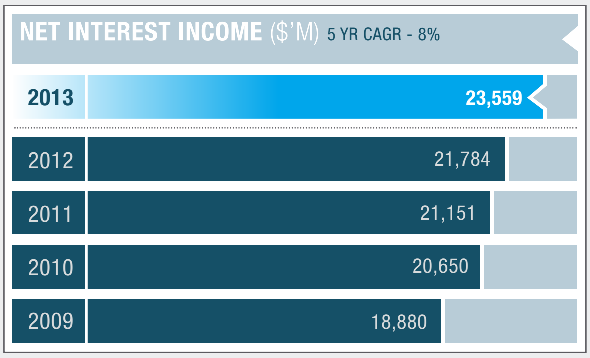


As spreads shrink in the current economic environment, we will continue to focus on growing the volumes in our core business lines while managing the cost and mix of funding.

Non-Interest Income

Our non-interest income of $14.4 billion increased over the 2012 financial year by $1.6 billion, or 13%, primarily as a result of:

- Premium income, which increased by $3.3 billion, or 197%, mainly due to the inclusion of general insurance premiums of $3.4 billion from the consolidation of AGIC, life insurance premiums increasing by $95 million while premium income from annuity contracts declined by $195 million.
- Net fee and commission income grew by $891 million or 13% mainly due to growth in payment services fees and retail and SME fees.
- Gains on foreign currency and investment activities, which decreased by $2.7 billion or 72%, due to losses incurred from the debt exchange transactions and lower gains from investment activities; this was partially offset by increased net foreign exchange gains.

Net fees and commissions continued to be the largest contributor to non-interest income, accounting for 56% in the 2013 financial year.

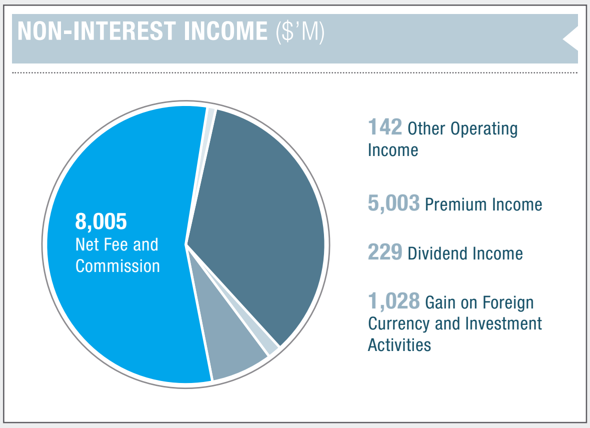
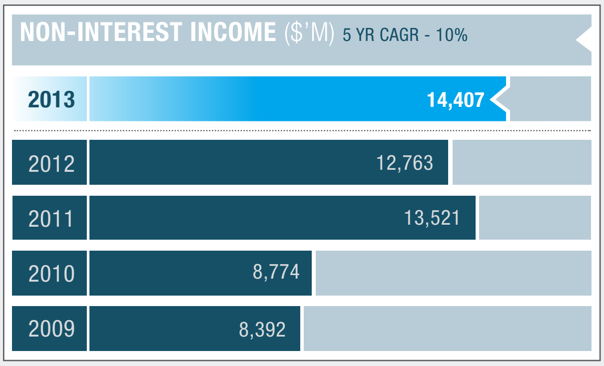


TABLE 4: NON-INTEREST INCOME	2013	% of Total	2012	% of Total
	$'M	%	$'M	%
Net Fee and Commission	8,005	55.56%	7,114	55.73%
Gain on Foreign Currency and Investment Activities	1,028	7.14%	3,731	29.24%
Dividend Income	229	1.59%	120	0.94%
Premium Income	5,003	34.73%	1,687	13.22%
Other Operating Income	142	0.98%	111	0.87%
Total	**14,407**	**100.00%**	**12,763**	**100.00%**

TABLE 5: FEE AND COMMISSION INCOME	2013	% of Total	2012	% of Total
	$'M	%	$'M	%
Retail and SME fees	3,347	34.40%	2,952	35.56%
Payment Services fees	4,511	46.36%	3,540	42.65%
Corporate Banking fees	467	4.80%	481	5.80%
Treasury & Correspondent Banking fees	195	2.00%	181	2.18%
Wealth Management fees	115	1.18%	193	2.33%
Life Insurance and Pension Management fees	916	9.42%	859	10.35%
General Insurance	99	1.02%	-	-
Other	80	0.82%	94	1.13%
Total	**9,730**	**100.00%**	**8,300**	**100.00%**



Operating Expenses

Operating expenses of $27.8 billion was 24%, or $5.5 billion, greater than the prior year.

- Staff costs increased by $1.5 billion, or 16%, which was due to the inclusion of AGIC staff costs for the 2013 financial year, separation costs related to restructuring exercises conducted during the 2013 financial year, increased incentives paid to staff and bonus payment related to the previous financial year.
- Provisions for credit losses decreased by 16%, or $397 million, due to a significant reduction in the corporate banking segment, which was partially offset by increased provisioning in the retail & SME and payments services business segments.
- Depreciation and amortisation charges grew by $397 million, or 49%. We have been making significant investments in our technology infrastructure to maintain high service standards for our customers. Additionally, we are investing in innovative ways to offer more efficient, cost-effective channels for our customers to conduct business.
- Impairment losses on securities decreased by $381 million.
- Policyholders' and annuitants' benefits and reserves grew by $2.3 billion or 158% over the prior year due to the inclusion of $2.4 billion in general insurance benefits and reserves expenses arising from the acquisition of AGIC as a subsidiary. There were increased policyholders' and annuitants' benefits and reserves of $102 million for annuity contracts; however there was a decrease of $183 million for life insurance contracts.
- Other operating expenses increased by $2.0 billion or 27% and the major causes were as follows:
  - o Costs written off related to the initial public offering which was postponed during the financial year.
  - o Increase in technical, consultancy and professional fees of $247 million, or 29%, over the prior year. These costs were related to the various initiatives underway to improve infrastructure and efficiency and also for the execution of our strategic objectives.
  - o Property, vehicle and ABM maintenance and utilities costs grew by $193 million, or 11%. We continue to find ways to be more energy efficient as the rates of these services increase.
  - o There was an increase of 63% or $109 million in receivership expenses for the financial year.
  - o Other expenses grew by $468 million or 104% and this was primarily due to expenses included in the 2013 financial year related to the operations of AGIC and increased customer care centre charges as we endeavour to better serve our customers.

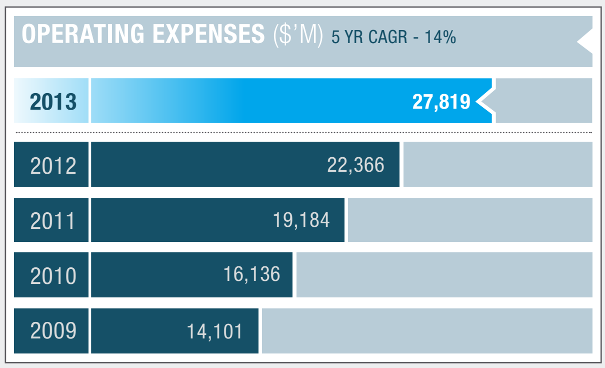


TABLE 6: **EXPENSE BY TYPE**	2013	% of Total	2012	% of Total
	$'M	%	$'M	%
Property, vehicle and ABM maintenance and utilities	1,955	20.86%	1,762	23.84%
Irrecoverable general consumption tax and asset tax	1,184	12.64%	1,099	14.86%
Technical, consultancy and professional fees	1,093	11.66%	846	11.44%
Other	917	9.78%	449	6.07%
Travelling, courier and telecommunication	783	8.35%	685	9.27%
License and transaction processing fees	707	7.54%	639	8.64%
Costs relating to Initial Public Offering	680	7.25%	-	-
Marketing, advertising and donations	485	5.17%	643	8.70%
Credit card rebates	408	4.35%	350	4.74%
Insurance	404	4.31%	368	4.98%
Receivership expenses	281	3.00%	172	2.33%
Stationery	171	1.83%	138	1.87%
Operating lease rentals	151	1.61%	114	1.54%
Premium tax on life insurance contracts	100	1.07%	87	1.17%
Auditors' remuneration	55	0.58%	41	0.55%
Total	**9,373**	**100.00%**	**7,391**	**100.00%**

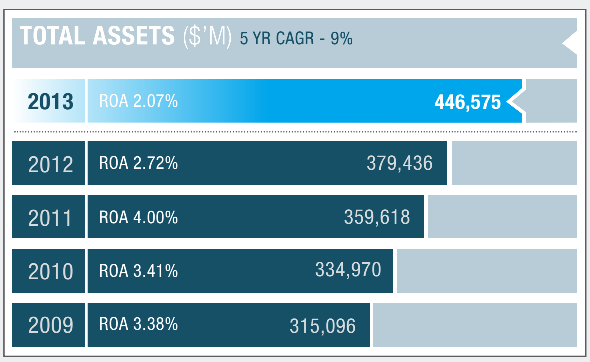
Our Financial Performance

Cont'd

Asset Performance

The asset base of the group at September 30, 2013 was $446.6 billion, an increase of 18% or $67.1 billion over the prior year end. This was funded primarily by obligations under repurchase agreements, customer deposits, borrowings from other financial institutions, obligations under securitisation arrangements and liabilities under annuity and insurance contracts.

The framework which was introduced in previous financial years to create sustainable growth in our core business areas while improving efficiency has reaped some success and we expect continued improvement in upcoming years. We have seen strong growth in our loan, customer deposits, and repurchase agreement portfolios and expect this trend to continue. In the current economic environment, balance sheet growth is critical to increased revenue generation and in effect maintaining profitable business growth. We will continue our prudent management practices to ensure we effectively maximise asset utilisation to ensure increased shareholder value.



For the 2013 financial year, due to the reduced profitability and increase in total assets, we experienced a decline in one of our key performance indicators, return on average assets, falling by 65 basis points from 2.72% in 2012 to 2.07%.

NCB retained the number one market share position for total assets for commercial banks with 40.8% market share as at September 2013. We have also maintained the number one market share of total assets for BOJ Regulated Financial Institutions with market share of 31.1% as at September 2013.[1]

Cash in Hand & Balances at the Bank of Jamaica (BoJ)

Balances at the BOJ primarily represent amounts deposited at the BOJ as required to meet the rate of 12% of prescribed liabilities for Jamaican dollars and 9% of prescribed liabilities for foreign currency liabilities. The $2.7 billion increase in the statutory reserves was as a result of the growth in customer deposits held. Also included in these balances were overnight deposits and regular operational balances held at BOJ which were $2.8 billion or 75% lower than the balances held at September 30, 2012.

Investment Securities

Our investment securities portfolio grew by $23.8 billion or 11% over the prior year. This comprises debt (Government of Jamaica, foreign governments and corporate bonds) and equity securities (quoted and unquoted) carried at fair value and amortised cost. This asset grouping continues to be the largest asset balance in the statement of financial position. It accounted for 52% of total assets down from 56% at September 2012; this decline was due to significant growth in our loan portfolio.

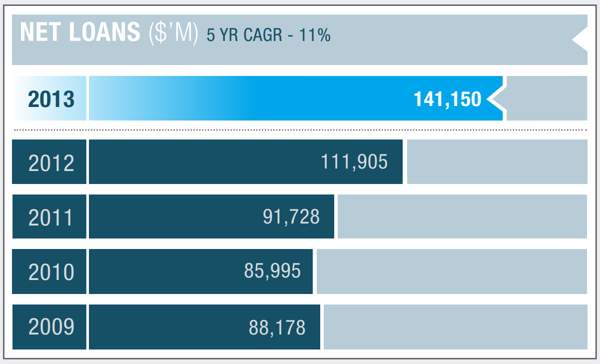
Net Loans

Our loans and advances, net of provisions for credit losses increased by $29.2 billion, or 26%, to $141.2 billion at September 2013. We experienced 29% growth in our Retail and SME portfolio accounting for $17.3 billion of the increase, 24% growth in our Corporate Banking portfolio accounting for $10.4 billion of the increase and 19% growth in our credit card receivables portfolio accounting from $1.6 billion of the increase. The retail and SME segment accounted for 54% of the total loan portfolio at September 2013 with the corporate banking segment accounting for 38% of the total portfolio.

The non-performing loan portfolio declined from $8.3 billion at September 2012 to $7.0 billion at September 2013. The provision coverage stood at 120.1% at September 30, 2013. (September 2012 – 113.9%). 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 $5.1 billion as at September 2013. The Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

NCB had the largest loan portfolio with market share among commercial banks of 40.2% as at September 2013.[1]

1 Source:Bank of Jamaica Unaudited Assets & Liabilities (Commercial Banks) Report as at September 30, 2013



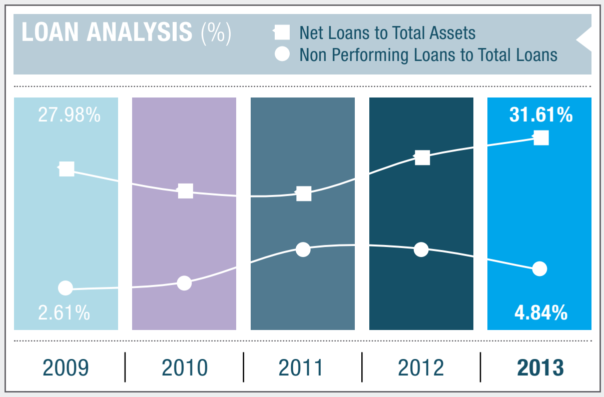


TABLE 7: **LOAN PORTFOLIO DETAILS**	2013	% of Total	2012	% of Total
	$'M	%	$'M	%
Retail and SME	76,747	54.37%	59,467	53.15%
Corporate	53,380	37.82%	43,020	38.44%
Credit Cards	10,274	7.28%	8,667	7.74%
Other	749	0.53%	751	0.67%
Total	**141,150**	**100.00%**	**111,905**	**100.00%**

The non-performing loans to gross loans ratio decreased to 4.84% in 2013 compared to 7.14% in the 2012. Write-offs of non-performing loans grew by $3.0 billion or 521% which partially contributed to the reduction in the ratio. We have bolstered debt collection and delinquency management processes and have been proactively working with our customers to work on managing debt in a manner which will be mutually beneficial. We continue to actively assess the credit risk profile of the portfolio and will remain relentless in reducing our non-performing loan portfolio.

Funding Performance

Our funding portfolio consists of short and long-term borrowing arrangements under the following funding lines: due to other banks, customer deposits, obligations under repurchase agreements, obligations under securitisation arrangements, other borrowed funds and liabilities under annuity and insurance contracts. Our funding portfolio grew by $56.6 billion or 19% over the September 2012 level.

2 Source:Bank of Jamaica Unaudited Assets & Liabilities (Commercial Banks) Report as at September 30, 2013

Customer Deposits

Our customer deposits portfolio ended the year at $178.4 billion which represented an increase of $15.5 billion, or 10%, over the prior year. The growth was mainly in our savings and current account portfolios which grew by 12% and 7%, respectively. Our savings account balances accounts for 46% of our customer deposits portfolio. We experienced 16% and 8% growth in our Corporate Banking deposit and our Retail and SME deposit portfolios, respectively.
At September 2013, NCB had the number two market share position of Commercial Banks for deposits with 35.8% market share.[2]

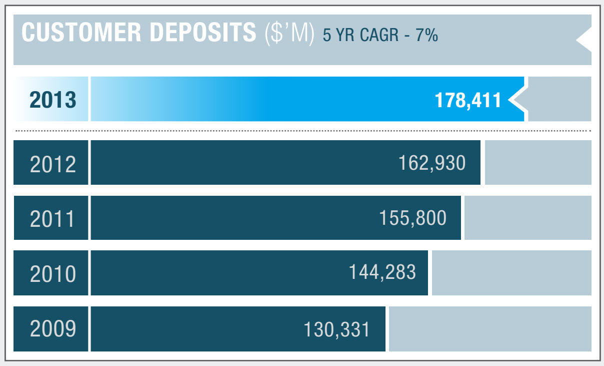


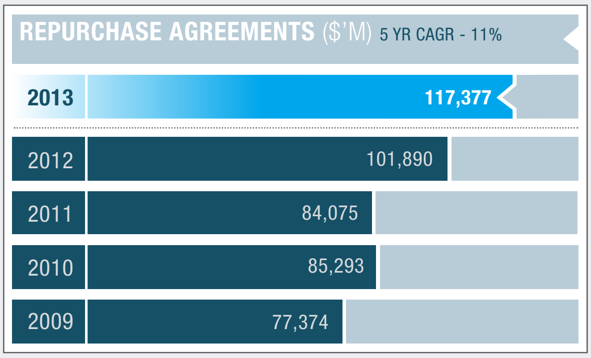
TABLE 8: **CUSTOMER DEPOSITS DETAILS**	2013	% of Total	2012	% of Total
	$'M	%	$'M	%
Non-Interest Bearing Current Accounts	34,801	19.51%	36,620	22.48%
Interest Bearing Current Accounts	15,041	8.43%	9,749	5.98%
Savings Accounts	82,791	46.40%	73,602	45.17%
Time Deposits	45,778	25.66%	42,959	26.37%
Total	**178,411**	**100.00%**	**162,930**	**100.00%**

Our Financial Performance

Cont'd

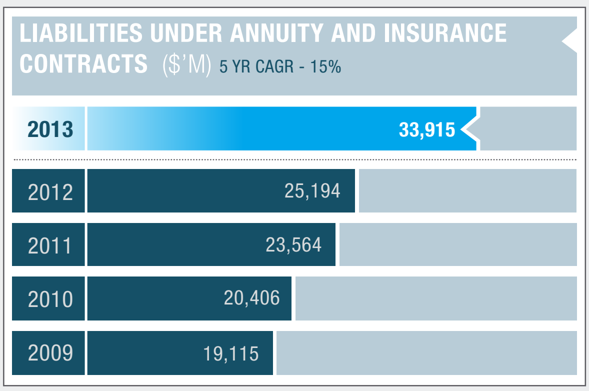
Repurchase Agreements

Repurchase Agreements of $117.4 billion grew by $15.5 billion, or 15%, which was mainly due to increased balances held by NCB Capital Markets Limited and short-term funding accessed by other members of the Group. This continues to be second largest funding source for the Group.



Liabilities under Annuity and Insurance Contracts

Liabilities under annuity and insurance contracts of $33.9 billion increased by $8.7 billion, or 35%. Liabilities under general insurance contracts stood at $7.5 billion for September. This was mainly as a result of the acquisition of AGIC as a subsidiary within the Group. Liabilities under life insurance and annuity contracts of $26.5 billion grew by $1.3 billion or 5% over the prior year.



Obligations under Securitisation Arrangements

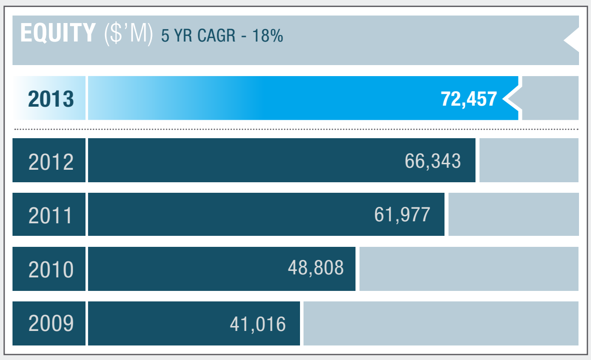
Obligations under securitisation arrangements at September 2013 were $10.1 billion, increasing by $7.5 billion or 290% over the 2012 financial year. During the financial year the Group executed the early redemption of the existing Series 2007-1 diversified payments rights facility and subsequently issued US$100 million in a new diversified payments right Series 2013-1 facility.

Other Funding

Other funding totaled $22.3 billion which consists of amounts due to other banks and other borrowed funds. These funding lines increased by $9.4 billion, or 72%, over the prior year. Notes 31 and 33 to the Financial Statements provide further details on the nature of these contracts.

Consolidated Equity

The Group's Equity of $72.5 billion increased by $6.1 billion, or 9%, over the prior year. The return on average equity for the Group decreased from 15.66% at September 2012 to 12.32% in September 2013, and this decline was primarily as a result of the increases in the reserves held and reduced profitability.



Capital

The statutory capital base (share capital, retained earnings reserve and banking reserve) for NCB was $31.0 billion at September 30, 2013, an increase of $4.0 billion or 15% over the previous financial year. This increase was as a result of transfers from retained earnings to the retained earnings reserve; these reserves are maintained to provide increased protection to depositors and further buttress the capital base.

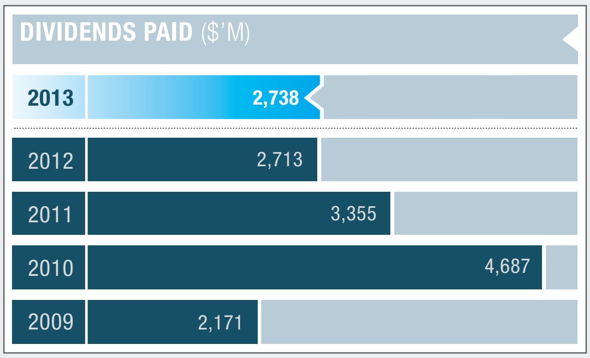
As at September 30, 2013

National Commercial Bank Jamaica Limited		NCB Capital Markets Limited		NCB Insurance Company Limited		Advantage General Insurance Company Limited	
Regulated by the **Bank of Jamaica**		Regulated by the **Financial Services Commission**		Regulated by the **Financial Services Commission**		Regulated by the **Financial Services Commission**	
Regulatory Capital to Risk Weighted Assets	12.6%	Regulatory Capital to Risk Weighted Assets	20.9%	Solvency Ratio	36.3%	Minimum Capital Test	251.7%
Regulatory Requirement*	12.5%	Regulatory Requirement	10%	Regulatory Requirement	10%	Regulatory Requirement	200%

* Bank of Jamaica regulations require banks to maintain a risk-weighted capital adequacy ratio of 10%. However, the Bank of Jamaica requires us to maintain a risk-weighted capital adequacy ratio of 12.5% due to, among other factors, our status as a systemically important financial institution (SIFI) in Jamaica.

Dividends & Shareholders' Return

The dividend payout ratio for the financial year was 31.99% compared to 26.96% at September 2012. The dividend yield, dividends paid as a percentage of share price, for 2013 was 5.84% compared to 5.02% for 2012.



The dividends paid for the 2013 financial year were $1.11 per share or $2.7 billion, compared to $1.10 per share or $2.7 billion for the 2012 financial year.

The share price on the Jamaica Stock Exchange as at September 30, 2013 was J$19.00 per share (September 30, 2012 – J$21.90) which has resulted in a dividend yield of 5.84% (September 2012 – 5.02%). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2013 was TT$1.13 per share (September 30, 2012 – TT$1.60).

Our total shareholder return which combines share price appreciation and dividends paid to show the total amount returned to the investor declined in 2013 to negative 8% for the financial year. At the close of business on 30 September 2013, the JSE All Jamaican Composite Index stood at 84,500.20, a decrease of 3% from the prior year.

Total Shareholder Return

For The Year Ended September 30	2009	2010	2011	2012	2013	Three Year CAGR (1) (%)	Five Year CAGR (1) (%)
Closing Price of Shares ($ per share)	13.00	17.51	27.29	21.90	19.00	3%	1%
Dividend Paid ($ per share)	0.88	1.90	1.36	1.10	1.11	(16%)	(0.5%)
						Three Year Shareholder Return	**Five Year Shareholder Return**
Shareholder Return (%)	(31%)	49%	64%	(16%)	(8%)	29%	24%
JSE Index Annual Movement (%)	(22%)	5%	10%	(5%)	(3%)		

(1) Compound Annual Growth Rate expressed as a percentage

Risk Management

GROUP RISK MANAGEMENT

Managing Risk

Given the macroeconomic environment, certain risks were heightened for the Group - in particular credit risk, market risk and liquidity risk. Accordingly, throughout the year, these risks were closely monitored within the Group's risk management framework.

The management of the Group's risk is undertaken within an enterprise wide risk management framework which incorporates a governance structure which is geared to provide a comprehensive set of controls and ongoing management of the major risks assumed in its business activities. The Group's risk appetite is expressed through quantitative and qualitative measurements which are in alignment with its business objectives and initiatives.

Our business strategy continues to focus on the pursuit of growth opportunities through the leveraging of the branch and payment services networks and the electronic channels. This strategy has contributed to the Group experiencing heightened Operational risk, which has been managed through a newly built-out operational risk management framework.

Risk Governance

Our risk governance structure reflects the importance placed by the Board on shaping the Group's risk strategy and managing risks effectively. The structure is based on the principle that the business lines act as the first line of defense with responsibility for managing the risks inherent in the business. This is reflected in the accountability of all persons for identifying, assessing and managing risks within the scope of their assigned responsibilities. This personal accountability is reinforced by the governance, experience and learning which has sought to foster a culture of risk management and control. Governance is supported by our independent risk management and compliance functions (second line of defense) in addition to Internal Audit (third line of defense) and our various risk committees.

The Board of Directors exercises its oversight of risk management principally through independent committees of the Bank and/or its subsidiaries (notably the Audit Committees and the Board Risk Management Committee). Central roles are also played by the Group Asset and Liability Committee, the Group Operational Risk Management Committee, the Bank's Asset and Liability Committee, the Risk Management Committees, the Capital Management committee, the Fraud Prevention and Management Oversight Committee, the IT Steering Committee and the Compliance Management Committee. Risk strategies, policies and limits require the respective Board approvals directly or via committees.

Significant Risks

The NCB Group has a number of significant risks to which it is exposed; these risks have the potential to have a material impact on our financial results, reputation or the sustainability of our long-term business model.

Credit Risk

We define credit risk as the risk that a customer (i.e., borrower) will default on promised payments (e.g., principal, interest, margin, etc); or that a trading partner will fail to fulfil its obligations on a transaction or portfolio of transactions, and the Group must terminate the trade or replace the counterparty at a loss. In the business, credit risk emanates primarily from the extension of loans, trade finance, leasing activities, reverse repurchase arrangements and off balance transactions such as guarantees to a variety of customers, from large corporate and institutional

clients to the individual consumer. Credit risk attracts the largest regulatory capital requirement. We employ a robust risk policy and control framework which is intended to identify, assess, measure and monitor the Group's credit risk exposure.

Liquidity Risk

Liquidity risk is the potential for loss if the Group is unable to meet its obligations as they fall due. These obligations include the requirement to a) meet liabilities to depositors and suppliers when they fall due and b) take advantage of profitable opportunities when they arise. The Group is also exposed to Market Liquidity risk, which is the risk of being unable to unwind a position in the face of inadequate market activities or unavailable market prices.

The Group's liquidity strategy is to maintain diverse and stable sources of funding. Accordingly, the primary sources of liquidity include a diversified retail customer base and corporate customer base, repurchase agreements and long term secured funding sources which include asset securitizations.

Liquidity, which is managed within an established policy guideline, is monitored against established limits and benchmarks and is reported on to the relevant governance committees.

Market Risk

The Group takes on exposure to market risk which is the risk that movements in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads will adversely impact our income and/or the value of our portfolios. Our market risk management infrastructure incorporates the:

- establishment of a market risk policy framework
- independent measurement, monitoring and control of each business line's market risk
- definition, approval and monitoring of limits
- performance of stress testing and qualitative risk assessments

Operational Risk

Operational risk is inherent in each of the Group's businesses and support activities and includes the risk of fraud by employees or others, unauthorized transactions by employees, and operational or human error. Due to high volumes of transactions processing, we are also subject to risks of errors which may go unnoticed over an extended period of time despite our best efforts at efficiency and accuracy. Deficiencies or failures in our computerized systems, telecommunication systems, data processing systems, vendor supplied systems and in our internal processes could result in financial loss and/or reputational damage. Despite our contingency procedures, the aforementioned deficiencies in addition to business disruptions occasioned by natural disasters or other factors may still negatively impact our ability to conduct our business, thereby resulting in damage to the group's business and brand. The Group Operational Risk Management Committee (GORMC) has the mandate to provide oversight and guidance for the design and implementation of the Group's operational risk management framework. Incorporated in its responsibilities is the provision of broad governance and oversight for operational risk assessments, prioritization, mitigation and monitoring across the Group.

Insurance Risk

Insurance risk is the risk, other than financial risk, of loss transferred from the holder of the insurance contract to the issuer.

Bancassurance

We operate an integrated bancassurance model which provides wealth and protection insurance products.

We issue contracts that transfer insurance risk or financial risk or both, primarily through bancassurance arrangements. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, we define significant insurance risk as

NCB will begin sharing information with the Credit Bureaus

Group Risk Management

Cont'd

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.

General Insurance

We recently acquired a general insurance subsidiary. The management and control of the principal risks generated from the sale of general insurance policies is critical. Mismanagement of any of these risks could lead to insolvency and the diminution of shareholder value for the following reasons:

With respect to Pricing risk -

- Inadequate pricing of the insurance business results in outgoing claims exceeding premium income.
- Over pricing of the business could diminish the company's competitiveness, which in turn, could be value-destroying;

  With respect to Reserving risk-
- Inappropriate reserving allows for the following possibilities:
  - The over-adequacy of the reserving level, which negatively impacts the company's strength.
  - The inadequacy of the reserving level, which necessitates a large injection of capital when the inadequacy is discovered.

Both risks are managed using a combination of administrative, underwriting, regulatory, insurance and actuarial controls.

Regulatory & Legal Risk

The Group is also subject to Regulatory risk and Legal risk, which could have an adverse impact on its business. Regulatory risk arises from a failure to comply with regulatory and comparable requirements. Legal risk manifests itself through failure to comply with legal requirements, including ineffectiveness in the management of litigation proceedings. The financial services is one of the most closely regulated industries, and the management of a financial services business such as ours is expected to meet high standards in all business dealings and transactions. Failure to adequately address conflicts of interest, regulatory requirements, anti-money laundering/counter financing of terrorism regulations, privacy laws, information security policies, ethical practices and other legal requirements not only pose a risk of censure or penalty, and may lead to litigation, but also puts our reputation at risk. Business units are the first lines of defense and are responsible for managing day-to-day regulatory and legal risk, while the Group Legal and Compliance Division acts as the second line of defense, providing advice, monitoring and oversight.

Reputational Risk

Reputational risk is the potential that negative publicity, whether true or not, regarding an institution's business practices, actions or inactions, will or may cause a decline in the institution's value, liquidity or customer base. All risks can have an impact on reputation, which in turn can impact the brand, earnings and capital. Credit, market, operational, insurance, regulatory and legal risks must be managed effectively in order to safeguard our reputation.
The management of reputation risk is overseen by the Board of Directors through the Board Risk Management

This strategic alignment will directly impact our credit application processes allowing us to...

Committee, in addition to the senior executive team. However, every employee and representative of our organization has a responsibility to contribute in a positive way to our reputation. This means ensuring that ethical practices are followed at all times, that interactions with our stakeholders are positive, and that we comply with applicable policies, legislation and regulations. Reputational risk is most effectively managed when every individual works continuously to protect and enhance our reputation.

Credit, Market and Liquidity risks are further defined within the Financial Management Risk Notes *[see pages 179-213: Note 45]* of the Financial Statements.

GROUP LEGAL AND COMPLIANCE

During the preceding year, we remained focused on managing and controlling legal risk as well as money laundering and terrorism financing risks. We therefore continued our efforts at improving our ability to prevent, detect and report instances of money laundering; and to mitigate the legal risks to which NCB and its subsidiaries are exposed.

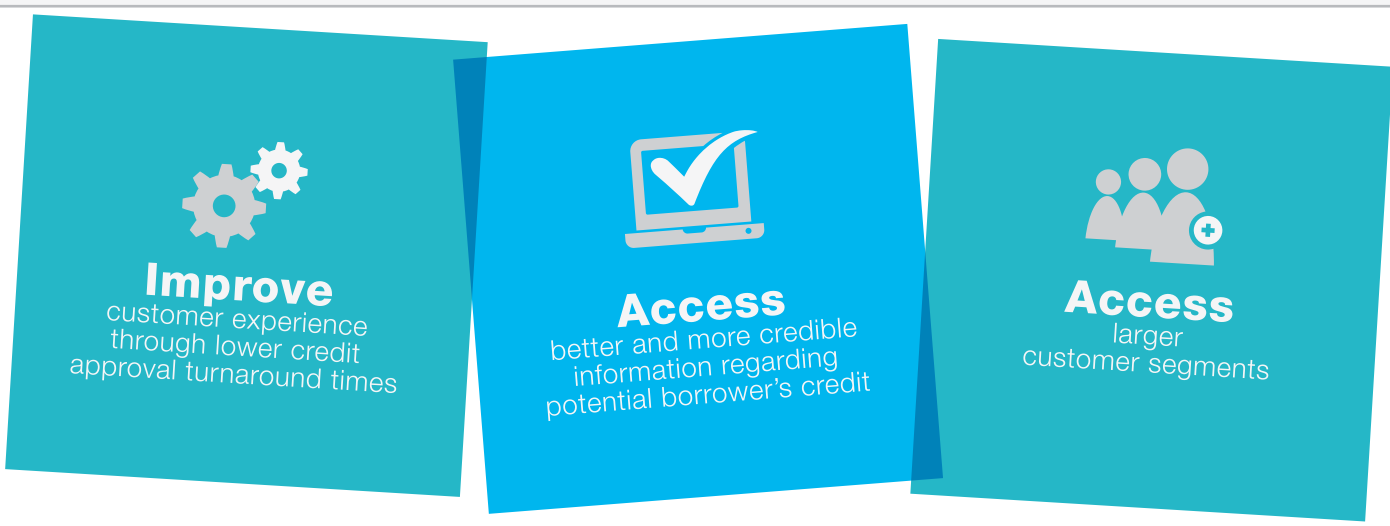
We remain committed to equipping our people with the knowledge and skills required to discharge their assigned responsibilities and to do so in the most efficient manner. To this end, our annual anti-money laundering/counter financing of terrorism (AML/CFT) workshops for specified staff were this year delivered by way of webinars which, while still allowing for interactive training sessions, reduced the associated cost and time. These were in addition to some face to face in branch training sessions conducted by officers of the Group Legal & Compliance Division, as well as the half yearly online AML/CFT refresher courses required for staff generally.

Training, focused on the recommendations of the Financial Action Task Force which inform the programmes of organisations globally, was extended to Board members and members of our Compliance Management Committee. Additionally, our compliance practitioners participated as attendees, conference chairs and presenters in training sessions in both AML/CFT areas and the US Foreign Account Tax Compliance Act which will more significantly impact our business in the coming financial year.

The Way Forward

In the 2013-14 financial year the Division will remain focused on and committed to further strengthening its ability to effectively manage legal, regulatory and AML/CFT risks to execute on these in the most efficient manner feasible. A few of the anticipated initiatives are expected to include:

- Centralization of certain AML reporting processes, while maintaining a combination of centralized and de-centralized monitoring for effective risk management; and
- Implementation of our FATCA Compliance Programme.



Our Operations

GROUP OPERATIONS AND TECHNOLOGY

The Group Operations and Technology Division (GOTD) continued its support of the Group's Transformation and Efficiency Programme through the implementation and completion of several initiatives. We continued the execution of our strategic plan to implement world class technology throughout the enterprise in order to better serve our customers through greater convenience and cost reduction across multiple channels.

Major accomplishments over the year were:

1. Infrastructure:
   a. Completed the relocation of the Disaster Recovery site to a Tier II facility in Mandeville,
2. Technology refresh:
   a. Upgraded both the Retail and Corporate Internet Banking Platforms to enrich the customer experience through offering new features and enhancements such as third-party transfers to NCB customers, wire transfers and heightened security features.
   b. Completed the refresh of personal computers, printers and scanners across the network.
   c. Completed the upgrade of the wide area network (WAN) and the local area network (LAN), increasing the security and stability of the network.
3. Automation:
   a. Launched both Business Process Management and Enterprise Content Management applications to drive processing efficiency across the network and reduce costs.
   b. Launched eStatements to provide a cost effective option for customers to view, save and share their account statements and cheque images and access their transaction history.

The Way Forward

We also embarked on our Lean Transformation journey and GOTD plays an integral role in the design and implementation of Lean initiatives that will drive operating efficiencies and increased productivity across the group. This thrust continues in earnest for the new financial year.

GROUP FACILITIES AND SERVICES

Energy Strategy

The Group Facilities and Services Division (GFSD) continues to promote energy conservation through a constant review and upgrade of existing equipment and buildings. The two largest areas of energy consumption are in the air conditioning (65%) and lighting (20%) systems. As a result of this, we have installed high efficiency LED lights in several areas and have implemented several projects to install high efficiency air conditioning systems. This initiative resulted in an 11% reduction in energy consumption when compared to the previous year.

In addition to this, we will be persuing the installation of Photo Voltaic (PV) Systems at our new location at 124 Constant Spring Road and at our office complex at 29 Trafalgar Road. These systems are expected to reduce the company's dependence on power from fossil fuels while contributing to greater preservation of the environment.

Centralized Procurement

The Group is actively implementing a Centralized Procurement Strategy that will focus on procurement spend category management that aims to realize a 5% reduction in our annual addressable spend.

Environmental Policy

Further to an Environmental Policy drafted in February 2011, measures have been taken to manage the procedures set out in our revised policy. GFSD has incorporated the standards into the renovations and new building projects.

Renovation Projects (Ongoing Exercise)

Air Conditioning Units
All old air conditioning units are being replaced with inverter units which use environmentally friendly gas and reduce energy use.

LED Lighting & Occupancy Sensors
The LED lighting has replaced fluorescent lighting. In addition to reducing energy use, LED will reduce the emission of Argon gas (which is in the fluorescent lighting) in the atmosphere. Occupancy sensors have been installed to reduce energy use as well.

Window Tinting
Glass Windows have been fitted with gold tint to reduce direct sun heat thereby reducing energy use.

The Way Forward

NEW BUILDING PROJECTS
Our objective is to ensure that going forward all our newly erected buildings should be at least 80% 'green'. As a result, all of the above elements will be considered from the outset when erecting a building. Additional areas of focus for new buildings will include Waste Water Management and Solar Photo Voltaic System.

▷ ***Waste Water Management***
Water capture for domestic use will include recycling of waste water for toilet use and other uses such as irrigation, etc. which will reduce the use of city water. We currently utilize this at our locations at 29 Trafalgar Road and the Atrium - 32 Trafalgar Road.

▷ ***Solar Photo Voltaic System***
Solar energy will not only reduce electricity use but the solar panels will eliminate the use of lead battery and provide electricity directly to the grid or sold to the service provider. Where lead batteries are used, the service provider will be asked to dispose of them on our behalf so as to reduce the improper disposal of same.

▷ ***Roofing***
New buildings will have roofing made of specially designed foam which will not negatively impact the environment.

▷ ***Other Areas***

- **Air Quality:** We will continue to monitor this within our environment. This will be consistent with the over six indoor air quality tests which were done hin the last five years when the air quality seemed to be below optimum.
- **Regulatory Agencies:** We will ensure compliance and will secure the relevant permits by application from the requisite Environmental Agencies, a review process will be undertaken by project managers, before the commencement of all construction activities, in particular sewage systems.

The Environmental Policy also identifies other impact areas such as procurement as this relates to purchasing sustainable products, and the proper disposal of waste, paper, computers and other materials and consumables. It is against this background that the policy identifies, as one of its deliverables, to evaluate our organizational activities and identify areas to minimize environmental impact.

Safety, Security and Environment Unit
The Safety, Security and Environment (SSE) Unit has contributed to improving the efficiency of operations using technology. The move from using archaic Digital Recording Devices throughout the branches will enable stakeholders to better ably investigate fraudulent/questionable transactions. It will also better position us to be compliant with JETS Limited, specifically as it relates to keeping recorded images over a substantial period of time, in order to meet requests for images by other financial institutions.

Our Customers

Our three brand pillars - Innovation, Expertise and Strength, uniquely define how we have historically operated and are the overarching influencers of the framework we employ to meet our organisational goals and to satisfy the needs of our customers. As a team, we work to ensure that our customers can 'Live Their Best Lives' by taking advantage of the full suite of products and services we offer, through the various segments of our business.

>>> Innovation

With focus on meeting the increasing demands of our customers, the Retail Banking Division led the charge in tailoring highly competitive, innovative and relevant products and service offerings for our customers.

For the period under review the organisation undertook a mandate and initiated actions to embed innovation management as an effective discipline within the Group. This is intended to improve the quality of our interactions amongst all our customer segments. The key priorities include: Product, Service and Customer Experience innovations.

The first major support under this approach was applied in the introduction of the Bank of the Future initiative, seeing the implementation of kiosks, multifunction ABMs and other exciting components of our Bank of the Future.

Retail Banking Division

TRANSFORMING OUR IN-BRANCH SERVICE DELIVERY EXPERIENCE

As we seek to radically transform the way we do banking and to further align our processes with the busy schedules of our customers, we began piloting our new Bank of the Future initiative. Bank of the Future combines security, ease and convenience with the ultimate customer experience. Customers can avoid long lines, banking fees and conduct banking transactions at the times most convenient for them, through the use of intelligent ABMs and cash-less financial kiosks. By migrating these routine transactions out of the banking halls to the alternative electronic channels, our front-line staff will have more opportunities to offer deeper financial advice and service.

'Bank of the Future' is being piloted at our 1-7 Knutsford Boulevard, Portmore, Duke Street, University and Oxford Place branches.

EFFICIENCY FOCUS

In a bid to further improve our operational efficiency, we consolidated the business operations of our Red Hills Road and Newport West branches during the year. Our team has ensured that, despite the consolidation of these branches, our customers have experienced a smooth transition at the branch location of their choice. Customers can also exercise the option to utilize the bank's safe, convenient 24/7 telebanking and Internet banking services, which can also eliminate some in branch fees.

To build, maintain and grow our relationships, we centralized our business banking function to allow for better servicing of the financing needs of our SME customers.

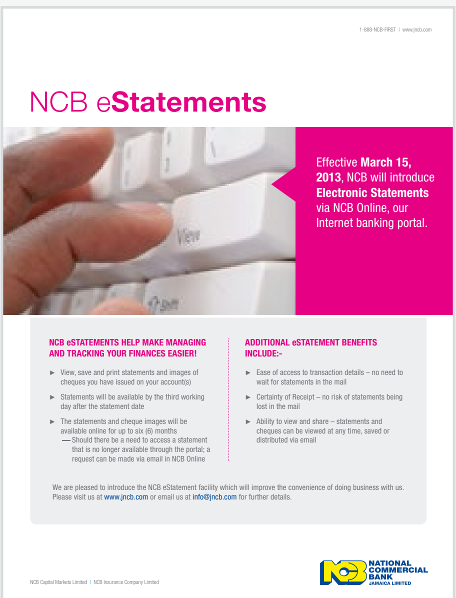
'BANK OF THE FUTURE'
1-7 KNUTSFORD BOULEVARD

REMITTANCE

NCB has taken the decision to exit the remittance business to mitigate global risks which have adverse implications for the Group. A mutual agreement to cancel all our existing agent relationship with MoneyGram Services, came into effect January 2014 for NCB Remittance Services (UK) Limited (NCBRSUK) and March 2014 for NCB Remittance Services (Jamaica) Limited (NCBRSJ). NCBRSUK will however continue to facilitate the remittance of pension payments only.

INTERNET BANKING IMPROVEMENTS

Third party transfers to NCB customers and Wire Transfers can now be conducted via our Retail Internet Banking Platform. These upgrades come as the security infrastructure was boosted with the introduction of additional security features to ensure for increased protection for our customers.

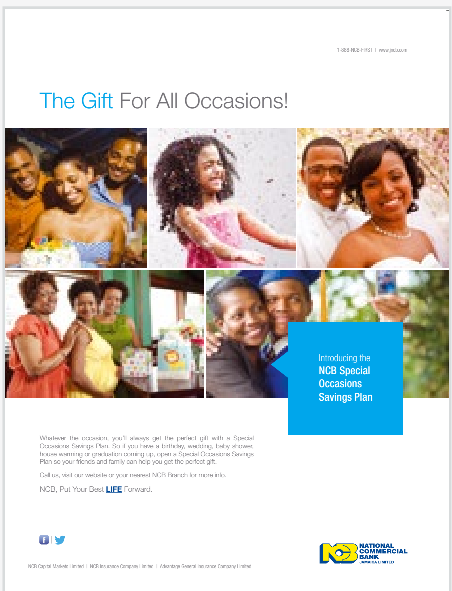


The launch of eStatements took place this year and our Corporate Banking and Treasury and Correspondent Banking Divisions have migrated all of their customers to this channel. The eStatement is an exact replica of the pre-existing paper statement and provides the images of cheques processed. The service provides our customers with flexibility and ease of access to view, save, print and forward statements to auditors for reconciliation purposes. Importantly, we and our customers are able to reduce costs associated with paper handling, transportation, and storage by customers of physical cheques and statements.

NEW PRODUCTS

Special Occasions Savings Plan

In responding to the needs of our customers, it was paramount that we listened to their feedback and suggestions in order to gain valuable insights. This led to the introduction of our Special Occasions Savings Plan, an account enhancement plan to attract customers whose friends and family would like to help them save for various special occasions throughout their lifetime. These special occasions include weddings, graduations, baby showers and birthdays.



Quick Biz Loan

Similarly, in recognizing that collateral is a common constraint for SMEs in accessing funding for business purposes, the Quick Biz Loan facility was designed to provide unsecured financing to our existing SME customers for short-term business needs. The product enables easier access to funds thereby allowing SMEs to quickly capitalize on opportunities in the marketplace.

NCB Hurricane Loan

In anticipation of the hurricane season, the NCB Hurricane Loan was launched to assist our customers to make preparations for their safety and security. The Facility offered a low interest rate of 12% per annum, where customers could access amounts between J$50,000 to J$5,000,000, with a maximum of three years to repay. With no collateral requirements, the facility served to ease the burden of financing out of pocket expenses and helped to hasten the restoration efforts for any type of damage sustained as a result of Hurricane Sandy, including roof repairs. The facility was also put in place for preventive measures to improve one's ability to withstand the impact of future disasters of this nature. This included purchasing water tanks and pumps, generators and solar energy solutions.

2:1 Cash Cover Loan

We launched a facility for our personal customers, which allowed them to borrow two times their amounts held within the NCB Group, at rates similar to that of fully secured facilities.

>>> Expertise

Through their dedicated and experienced teams, our Treasury and Correspondent Banking Division and the Corporate Banking Division continued to provide sound advice and financial solutions to our corporate clients enabling them to further develop their businesses.

Treasury & Correspondent Banking Division

With a dedicated relationship management team managing specified local financial institutions and correspondent banking relationships, the Treasury & Correspondent Banking Division works closely with their customers

Our Customers Cont'd

to fully understand their businesses enabling us to build long-term broad based relationships.

We also continued to maintain our strong relationships with correspondent banks worldwide allowing us to facilitate international payments for our customers. At September 30, 2013 we have relationships with 14 correspondent banks.

Simultaneously, the Division continues to satisfy the needs of our customers by providing the following products:

- Credit Facilities
- Trade Services
- Cash Management Solutions
- Repurchase and Reverse Repurchase Agreements
- Secondary market security purchases and sales
- Foreign Exchange spots and forwards
- Deposits – term and demand
- General Banking Services
- Payment Solutions
    - NCB Funds Direct (ACH2)
    - NCB Online
    - Real Time Gross Settlement
    - E-Commerce
    - Point of Sale
    - Merchant Services

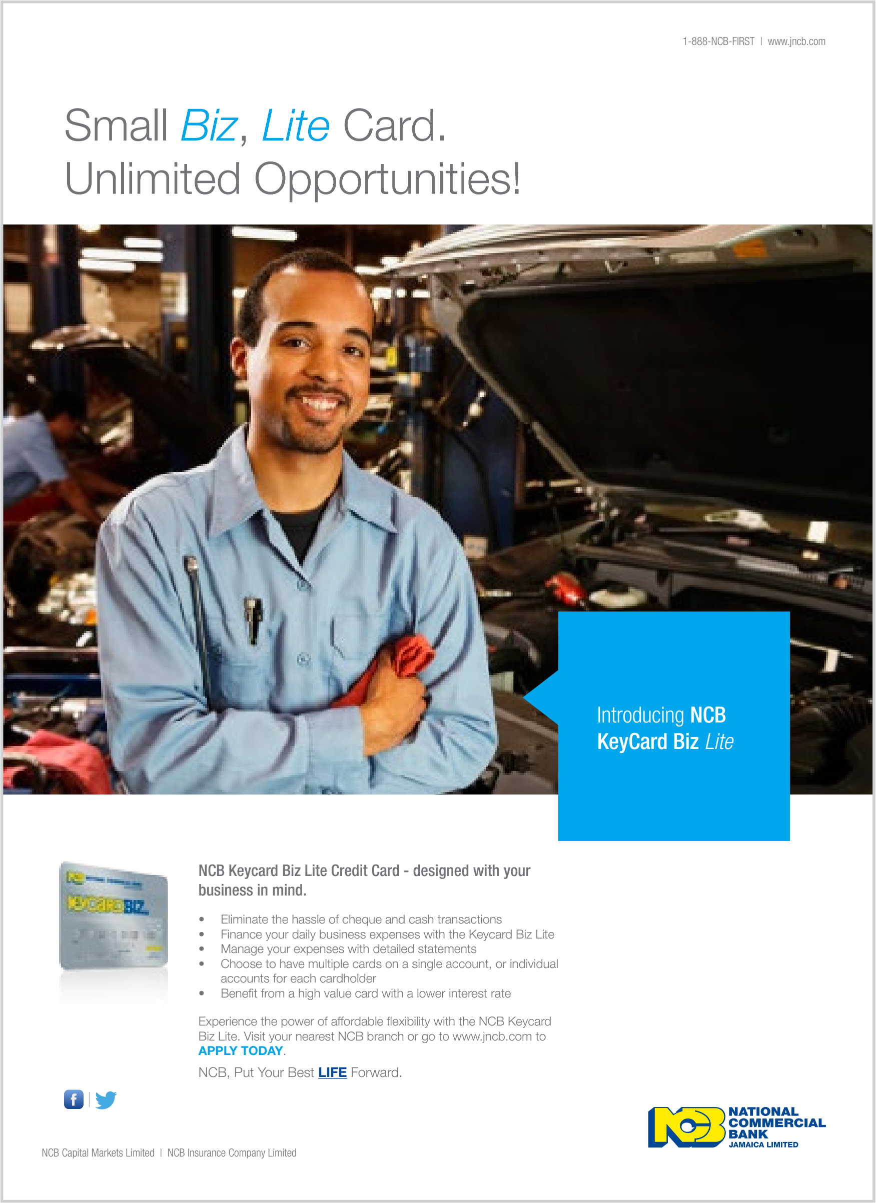
Funding Activities
Our Treasury & Correspondent Banking Division is focused on ensuring adequate liquidity levels for the Bank, generating an adequate funding structure and diversifying funding sources. In FY 2012-13, the Division was successful in obtaining US$100M via a Diversified Payments Rights (DPR) Securitization; this represents medium term, non-volatile funding external to Jamaica.

Foreign Exchange Services
A number of solutions were provided to the Bank's customers including spot purchases & sales and FX forwards to meet their currency needs. In spite of the general downturn in FX market volumes, NCBJ was able to capture 14.86% market share, providing US$1.12B in liquidity to the Bank's customers.

Payment Services

Our Payment Services segment includes our card issuing and acquiring business which includes the life cycle management and processing of all cards. For the financial year ended September 30, 2013, the unit focused on life cycle management (acquisition, activation, usage/retention), portfolio management, customer segmentation, sales of our payment services, and developing programmes aimed at deepening our relationships with our clients whilst increasing our profitability.

- **Acquisition Activities**
    - **Issuance of Pre-approved cards** to deposit, loan Customers, NCB Insurance and NCB Capital Markets Limited customers. Further deepening of existing relationships through pre-approved offers to key banking



influences; utilization of sales desks, branch sales campaigns and direct sales opportunities.

- **Special focus on the business card portfolio** through the implementation of strategies to impact the portfolio's product lifecycle i.e. acquisition, usage, loyalty and retention.

- **Activation / Usage/Retention Activities**
  - **Outbound Telemarketing campaigns:** Aimed at boosting our card usage through making direct contact with our customers to encourage early activation of new cards and stimulating sustained usage. Merchant programmes – We continued to partner with merchants on special events to provide attractive discounts to our cardholders. One such major initiative was our participation in the Jamaica Observer's Style Out. This provided a unique opportunity to further promote the use and acquisition of our credit cards at thousands of participating Style Out locations island wide.
  - **Limit increase programmes** – We further leveraged relationships with our existing customers who had demonstrated credit worthiness by increasing their limits.
  - **Card Upgrade Programmes** — Based on the usage patterns of customers we upgraded more current cardholders to 'the right products' that will encourage them to maximize the utility of the cards.

- **Expanding our suite of Credit Cards**
  - **Jamaica's Micro, Small and Medium Enterprises (MSMEs)** have long grappled with limited access to credit and financing support. NCB's introduction of the KeyCard Biz Lite, is a direct response to this need that is aimed at helping one of Jamaica's key business segments access financial support to satisfy their business' needs.

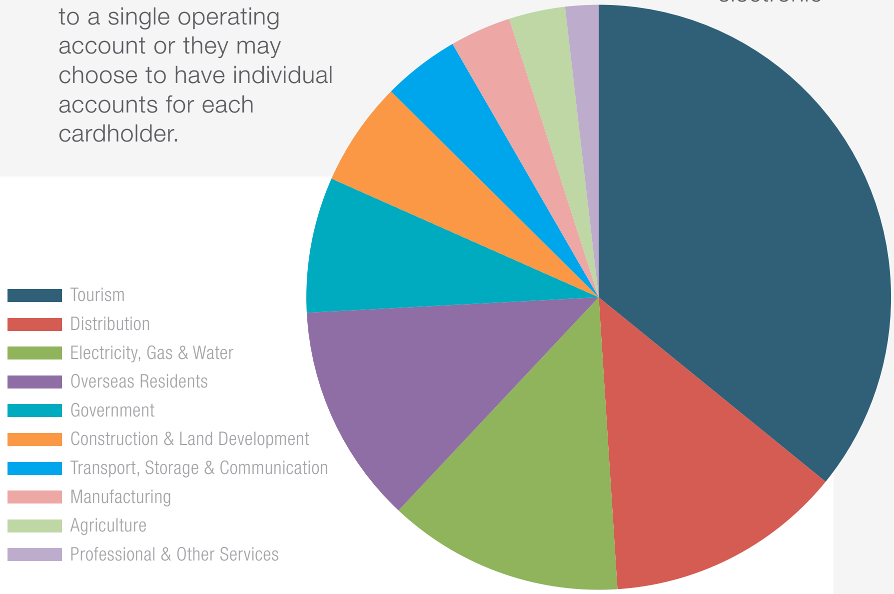
    Accepted at all NCB Point of Sale Machines at over 9,000 merchants locally and at all NCB ABMs island-wide, the KeyCard Biz Lite helps business operators with cash flow and expense management as it eliminates the hassle associated with cash and cheque transactions while providing the ease and convenience of accessing their accounts using NCB Online anywhere, anytime. Proprietors also have the choice of having multiple team members maintaining their own cards connected to a single operating account or they may choose to have individual accounts for each cardholder.

Corporate Banking Division

The Corporate Banking Division manages a diverse mix of over 250 clients operating in the private and public sectors. Throughout the year, we continued to diversify our customer base and further expanded our 'regional footprint' by increasing lending to entities domiciled overseas, as well as to the distributive and agricultural sectors in Jamaica.

Our experienced team of relationship managers have a competitive edge in their comprehensive understanding of a wide range of complex issues that currently face our clients. Our business has developed in line with the increasingly sophisticated financing requirements of our clients in tandem with the globalization of the capital markets. We combined our specialist product expertise, strong local capacity with global distribution reach to provide solutions that are tailor-made and highly relevant for our clients.

We also saw enhanced usage of Real Time Gross Settlement (RTGS), NCB Funds Direct and other NCB electronic



CORPORATE BANKING'S CUSTOMER PROFILE

Our Customers Cont'd

banking solutions. Success stories include a large firm in the manufacturing sector migrating over 80% of their remaining cheques and a major agro-producer (which operates in what is traditionally a paper based industry) processing over 50% of their payables on the electronic platform. We were also successful in our bid for the mandate to provide eCommerce services to a major government institution.

While the Division continued its drive to secure large mandates, a noticeable difference this year was the increased selectivity with which mandates were pursued given the liquidity constraints experienced at some points in the year. Close collaboration with our funding partners ensured that availability of funding was directed only to projects with significant developmental impact. Whilst our loan book is heavily weighted toward foreign currency loans, there has been increasing demand for funding in local currency, given the developments in the macro economy and the desire on the part of our clients to minimize exchange rate risk.

Distribution of our loan portfolio by sector is reflected in the pie chart below, with our largest exposure continuing to be in Tourism at 36%, followed by Distribution and Electricity at 13% each.

>>> Strength

As Jamaica's leading homegrown institution, we understand and proactively engage in activities that bolster the social and economic development of our nation and its diaspora, primarily through strategic alignment with other organisations, strategic service quality assurance and education and awareness.

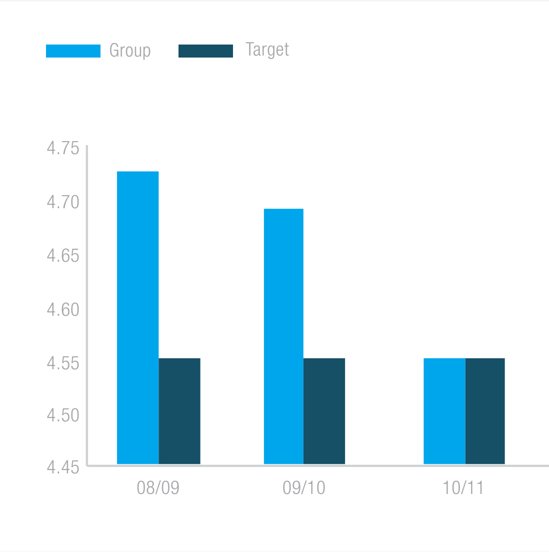
Enterprise Service Quality

Our highly experienced Service Quality team continues to work assiduously to support our strategic focus on customer primacy. The Enterprise Service Quality Unit is charged with monitoring and reporting on the quality of customer service being provided, externally and internally. They are also required to develop and facilitate initiatives to advance the Enterprise's service focus.

In recognizing that our customers are the foundation of our business, we remain focused on building and sustaining our customer relationships through continuously improving our customers' service experience. This aspiration is seen in our new **Customer Service Vision**:

> "To create peace of mind by providing the best financial services for people of all ages at all stages in their lives."

To aid in the realization of this vision, service delivery across our branch network and subsidiaries are monitored consistently through the execution of Mystery Shopper and Customer Satisfaction (External and Internal) Surveys. Through these programmes, we are able to measure some of our key service indicators namely: Problem Resolution and Recovery, Loyalty, Process Management and Customer Engagements. These customer satisfaction surveys are conducted twice annually, and over the past five years, the Enterprise has consistently met and surpassed the benchmark standards for customer service delivery. Opportunities exist however, which we will continue to address through the implementation



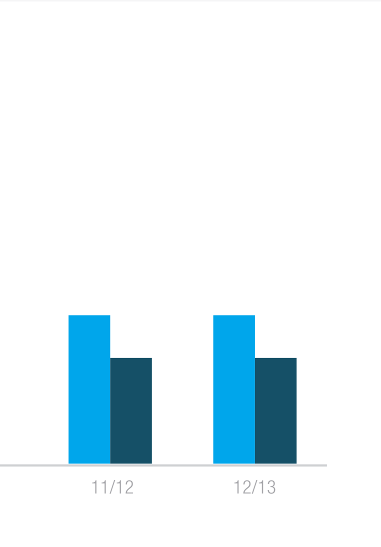
of various initiatives aimed at increasing efficiencies in transaction management and improving problem resolution and recovery.

Primary focus for the next financial year is our internal service culture as this directly impacts the level of service offered to our external customers.

Major initiatives undertaken for the year under review:

We implemented an enterprise wide Complaint Management System, which serves as the official application for the logging of complaints across the NCB Group. This affords us the opportunity to access a consolidated view of all complaints received across the enterprise, allowing for more in depth analysis to identify the root causes of such complaints, resulting in greater efficiency and effectiveness in management and control of complaints. The establishment of this best in practice Complaint Management Framework was designed to achieve the following objectives:

- Improved Governance model
- Optimized channel usage to log complaints
- Structured customer communication during and post complaint resolution
- Streamlined back end process



CUSTOMER SATISFACTION SCORE: 2009-2013

Educating Our Customers

Cyber Security Conference 2013
Under the theme, **"Protecting Identity, Banking and Information Networks"**, the inaugural Cyber Security Conference was hosted by UWI Mona School of Business on September 30 – October 1, 2013 and held in response to the upsurge in ICT-based crimes locally and globally. As a major sponsor of the two day event, NCB publicly threw the weight of its support behind the quest to strengthen national policy and legislation against cybercrime.

The staging of this Conference came in light of a rise in lottery scam activities, hacking and other cyber threats to businesses, governments and individuals. Information was provided to stakeholders on the various types of cyber threats and the key developments in the area; the legal, regulatory and ethical issues involved (with particular emphasis on providing public education on digital forensics for persons with little or no prior knowledge of the area). Discussions held at the event will inform training and national policy reform proposals for Cyber Security and Digital Forensics.

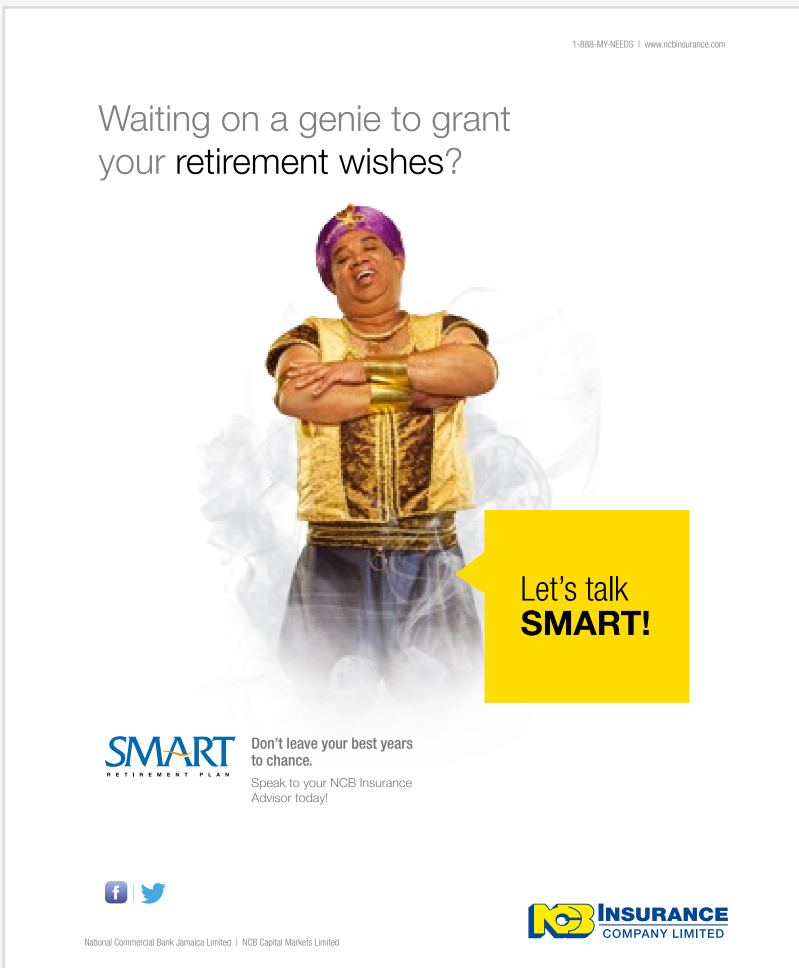
Investor Forums
We believe that our customers can build and preserve wealth with careful planning so in a bid to educate our customers across the Group on investment options post the National Debt Exchange, NCB Capital Markets Limited launched a series of branch-based road-shows. This was as we continued to promote awareness of our offerings while ensuring that customers are equipped to make sound investment decisions particularly within the prevailing environment.

Merchant Fraud Seminars
We targeted six hundred of our merchants to actively build awareness of the different ways to combat fraud. These seminars provide us with an outlet to share and reinforce the best practices of card acceptance procedures through sensitizing merchants about fraud trends as well as equip them with fraud prevention strategies to mitigate their exposure against fraudulent activities.

SMART Retirement Fund
Recognizing that many Jamaicans do not give adequate consideration to their retirement planning, a critical aspect of everybody's financial lifecycle, we launched a new SMART Retirement Plan campaign themed, "Don't leave your retirement to luck. Let's talk SMART". The campaign served to further promote this flexible and secure product designed exclusively for members who wish to contribute towards retirement income.

Developing The SME Sector

IDB Partnership
Our Retail Banking Division continues its business focus on SMEs, and to support a national socio-economic developmental objective, NCB entered into a Technical Cooperation Agreement with the Inter-American Development Bank (IDB). This agreement will see the execution of a project involving the development and deployment of a Credit Scoring System, capacity building of SMEs



Our Customers Cont'd

(including family businesses), technical assistance for selected SME clients and communication and knowledge management.

The first in the series of training workshops was a three day SME Conference themed 'Facing Challenges - Embracing Opportunities' held from June 21-23, 2013 at the Hilton Rose Hall Resort & Spa in Montego Bay, St James. The conference provided not just training for SMEs seeking to expand their businesses and find opportunities for increased profitability, but also networking and partnership opportunities for the over 100 SMEs in attendance. They also got a chance to explore new technologies and social media.

Other Partnerships

- During the year, training sessions were also held for our SME customers in collaboration with the HEART Trust NTA. The main areas of focus were entrepreneurial skills, waste management & reduction, and productivity training & improvement.
- Through the NCB Nation Builder Awards programme, SMEs from across the island were invited to participate in the two-day training course aimed at providing businesses with tools to enhance productivity while reviewing their current practices to identify and eliminate inefficiencies in their operations. The workshop was led by senior specialists from the Jamaica Productivity Centre, and included modules presented by Akira Tonouchi, Production Consultant from the Japan International Cooperation Agency. From the combined workshop, the attendees also underwent business assessments and simulation training relevant to and representative of their own businesses and industries, allowing them to benefit from the local and international expertise.

Group Marketing And Communications Unit

Our Marketing & Communications strategy continues to support the goals and targets of our various business segments. As the vanguards of the brand and image of this noble institution, the team purposefully explores partnerships and sponsorship opportunities that will position the Group favourably.

CORPORATE PHILOSOPHY

Put Your Best Life Forward

Our corporate philosophy, Put Your Best Life Forward, continues to make an impact with our customers as we encourage financial wellness through customer education and empowerment. The campaign serves as a launching pad for customers to actively realize financial wellbeing and independence and provides sound solutions, tools and tips for making the best use of all customers' resources, not only their money, but their time, ambition, plans and skills.

MARKETING FOCUS & ACTIVITIES

Nation Builder Awards

The NCB Nation Builder Awards emerged out of a decision by NCB to create a national platform on which to celebrate the numerous entrepreneurial triumphs of the country's small and medium enterprises. This year, we continued to honour and reward performance, and to also recognise service to community and country through the staging of our 5th annual awards ceremony.

NCB Auto Dealers Awards

In the same vein and as part of our relationship maintenance strategy with the auto dealers, NCB hosted members of the Auto Industry at a cocktail reception and awards ceremony. The event provided the opportunity to recognize and reward the top auto dealers who continue to play a vital role in the success of the NCB Auto Advantage Club.

Partnership with the National Parenting Support Commission

NCB has signed an exclusive sponsorship agreement with the National Parenting Support Commission (NPSC) of the Ministry of Education to provide $5,000,000 in cash, products and services over the next two years to drive the government's campaign to support Jamaican parents in the raising of their children. This will see the roll out of several parenting programmes across the country over a two year period between August 2013 and August 2015. The first annual series of information fairs dubbed “Surviving the Transition to Secondary School”, was hosted regionally and catered to over 500 parents.

Partnership with Jamaica Chamber of Commerce

We partnered with the Jamaica Chamber of Commerce for the release of the Jamaica Conference Board's (JCB) 2013 Business & Consumer Confidence Indices - a programme geared towards providing a predictive tool for key decision making by CEOs and analysts. This efficient assessment also aids in the prediction of the likely performance of the GDP within the Jamaican economy.

Rubis Dealer Summit

As part of this partnership, NCB participated in a two day Dealers Summit and Awards Dinner, themed “Reaching further, achieving more” hosted by the Rubis Group (an independent distributor of LPG, fuel and bulk liquid storage, and which acquired the Shell dealership in Jamaica). This Summit fostered open discussion, training and transfer of information between dealers/operators and the corporate representatives and recognized dealers for their outstanding performance and commitment to the growth of the brand in Jamaica.

Big Baby Shower

NCB Insurance Company Limited, in conjunction with the Bank sponsored Big Baby Shower. Our vibrant sales team marshaled new and expectant parents to take advantage of our prime investment and savings options designed to help them plan for their children's future through NCBIC's Omni Educator. Sound financial advice and other guidance were offered to patrons and Regional Manager, Antonio Spence, imparted some wisdom and shared his powerful insights as a new father in the 'Daddies on Duty' seminar, hosted with panelists Agent Sasco and Wayne Marshall.

Junior Schools Challenge Quiz

NCB Insurance Company Limited continued its support of the Junior Schools Challenge Quiz competition as a part of its corporate citizenship activities. Further, several fundraising efforts were supported which allowed us to show our commitment to building a better Jamaica.

Kingston Bridal Week

We are proud to have sponsored this one-of-a-kind bridal and lifestyle event. Kingston Bridal Week 2013 supports a major consumer and life decision. Produced by Intuit Concepts, Kingston Bridal Week was Jamaica's first bridal exhibition, considered to be a lifestyle event dedicated to the complete gamut of planning for that special occasion, including fashion, cuisine, entertainment and gadgets. With our continued focus on helping customers to Put Their Best Lives Forward we shared tips on how to save for a wedding, as well as life after the wedding.

Corporate Support

PUMA 5K WALK

NCB partnered with the Kingston College and Puma to host the official high school 5K event in Jamaica aimed at raising much-needed funds for the Alpha Boys' Home and some students of Kingston College. The proceeds were used to provide educational grants and scholarships as well as assist with sports development.

For our participation, we were awarded the Largest Registered Corporate Group at the event.

NCB's Gym Instructor Rohan Gordon, placed first in the Walk portion of the event. Rohan looked in fine form as he crossed the finish line in a time of 28:49.

RELAY FOR LIFE: June 8-9, 2013

Advantage General Insurance Company (AGIC) and NCB Insurance Company (NCBIC) jointly participated in the 11th staging of the Jamaica Cancer Society's Relay for Life. Proceeds from this event enabled the Jamaica Cancer Society to support its programme of education, cancer screening, advocacy and emotional support to numerous Jamaicans who would not otherwise have this opportunity.

This was the first major event that afforded the opportunity for a unified team presence of the two companies. With over 200 participants, our booth was active all night and we certainly did a relay for 12 hours. As a team we achieved the following prizes:

- **1st** Team Spirit
- **2nd** T-Shirt competition
- **3rd** Best Booth Competition

Outlook 2013-2014

Retail Banking Division

For the upcoming financial year, we seek to forge ahead with our mandate to anticipate and provide for the needs of our customers while exceeding their expectations. This will be accomplished through:

- Continued process improvements to alleviate customer irritants
- Further transformational activities to ensure we remain relevant to our customers
- Constantly reviewing and assessing our customers growing needs

Treasury & Corporate Banking Division

In FY 2013 -14 the Division will be focused on strengthening its Liquidity Management Framework, providing hedging solutions for the Bank's customers and meeting the changing needs of our financial institution customers.

Payment Services

Continued focus will be placed on increasing the number of credit cards in the market, maximizing the usage through our channels and implementing new products and programmes aimed at stimulating and sustaining usage.

Corporate Banking Division

With a deal pipeline of over $15 billion at the end of the financial year, the Division is expected to grow despite the challenges in the economic environment. With further upgrades to our electronic banking platform, we will continue to encourage our customers to utilise this platform so that we are able to increase the efficiency with which our clients interface with us, thereby enhancing customer experience and satisfaction. The continued training and development of our staff to design creative solutions for our clients whilst employing appropriate risk management strategies, augurs well for our future in managing large corporate relationships.

Our Subsidiaries

NCB CAPITAL MARKETS

Products & Services

As the primary wealth management arm of the NCB Group offering securities and stock brokerage services, NCB Capital Markets Limited (NCBCM) has a dedicated team focused on designing unique and innovative products and services capable of meeting the needs of our customers. We recognize that within such a dynamic environment, our clients are seeking a wider range of investment options with the most attractive return potential and we remain committed to fulfilling the demands.

For the period under review, NCBCM distributed a number of attractive corporate structures to our accredited investors and also expanded our suite of products to include:

- **CI Mutual Funds:** offers clients an opportunity to participate in the global capital markets through a relatively small investment with the potential for attractive returns. Investors can gain exposure to various asset classes including bonds, money market instruments and equities in different regions and sectors (e.g. Technology, Health Care, and Financial).
- **Unit Trust product:** branded NCB CAPFund provides investors with the option to select a fund or combination of funds to achieve their specific investment goals in line with their individual risk tolerance. The Fund comprises three portfolios: money market, bond and equity portfolios.

In the upcoming year, as we seek to satisfy our clients' desire for more attractive investment offerings, NCBCM will focus on new products, including the addition of new portfolios to our unit trust scheme.

Customer Relationship Management

Simultaneously, we continuously seek to improve our customers' experience through enhancing our service delivery. To aid this process, we conduct frequent customer surveys which allow us to obtain direct feedback from our clients from which recommendations for improvements are earmarked and addressed.

Additionally we are aiming to enhance our account opening process by automating areas in an effort to improve our clients' experience. We expect that this improvement will reduce wait time significantly.

Channel Delivery

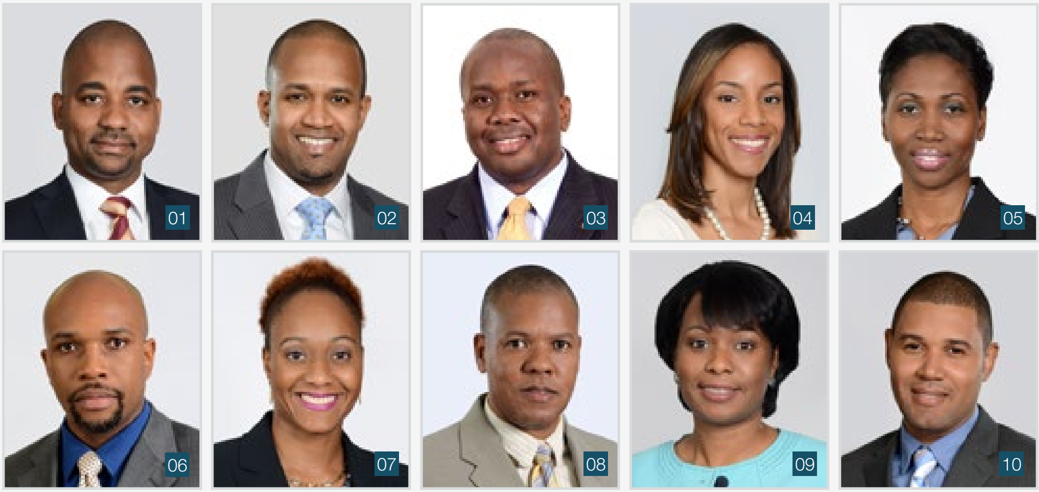
NCBCM representatives are located in over 20 branches and at the head office where our clients can have direct access to an advisor to assist with their financial needs. As a fundamental part of efficiency improvement, we have embarked on programmes to encourage clients to utilise electronic means for funds transfers and other routine requests and services. In addition we have enhanced our website allowing our clients to garner more data on research, product offerings, and general information about NCBCM. We will continue to increase our customer touch points with the introduction of a specialised call centre agent to facilitate clients' queries and other non-advisory requests.

Regional and Portfolio Diversification

We continue to explore inorganic growth opportunities through regional and portfolio diversification. For the reporting year, NCBCM acquired majority interest in Advantage General Insurance Company Limited. This acquisition further expanded the breadth of the financial services available within the NCB Group to include general insurance from the largest insurer of motor vehicles in Jamaica. We also made an initial step in our regional diversification by proceeding towards the acquisition of AIC Finance Limited in Trinidad & Tobago. Having completed the transaction in December 2013, we commenced our integration activities and the development of our business strategy for the entity.

NCBCM also acquired and currently holds 29.6 per cent of the stakes in Elite Diagnostic Limited, a start-up medical imaging company, which began its operations officially in September 2013. The key objective of this transaction is to exit via an Initial Public Offering in the next few years at multiples of the initial investment. The investment in Elite marks the first private equity

Meet the NCBCM Management Team



01 **Steven Gooden** CHIEF EXECUTIVE OFFICER 02 **Dylan Coke** Vice President - Investment Banking 03 **Kevin Ingram** Vice President - Wealth Management
04 **Tracy-Ann Spence** Assistant Vice President - Investments 05 **Annya Walker** Assistant Vice President – Research, Strategic Planning & Projects
06 **Herbert Hall** Manager - Investment Banking 07 **Najah Peterkin** Regional Manager – Private Client Services
08 **Howard Pottinger** Regional Manager – Region 2 Northwest 09 **Kerry-Ann Spence** Regional Manger - Region 1 and Corporate Clients
10 **Davie Martin** Assistant Trading Manager MISSING **Avril Bailey** Assistant Manager - Finance

investment made by NCBCM. We have earmarked $1Bn for private equity investment and will be embarking on a number of these types of investments as we seek to diversify our asset base and service offerings.

Outlook: Future Business Plans

In the new financial year, we will continue to take a customer centric approach to our decision making. We have intensified our efforts to help clients build better diversified portfolios through improvements in our investment advisory services and have adapted a lifecycle financial management approach to our clients' investment needs. This will enable us to be better able to provide our customers with products and services to meet all their financial needs throughout all stages of their life.

Further improvements to our operational efficiency will also be conducted with specific focus on our payments services. Specifically, systems will be implemented to allow for shortened processing times so that our clients are able to receive cleared funds within 24 hours of payment. An integral aspect of this process will be the continued promotion of our electronic platform. We will also use electronic methods to advise clients of upcoming repurchase agreement maturities. In streamlining these processes, our advisors will have more time to provide quality advice to clients thereby helping them to make more informed decisions about their investments.

NCB INSURANCE COMPANY LIMITED

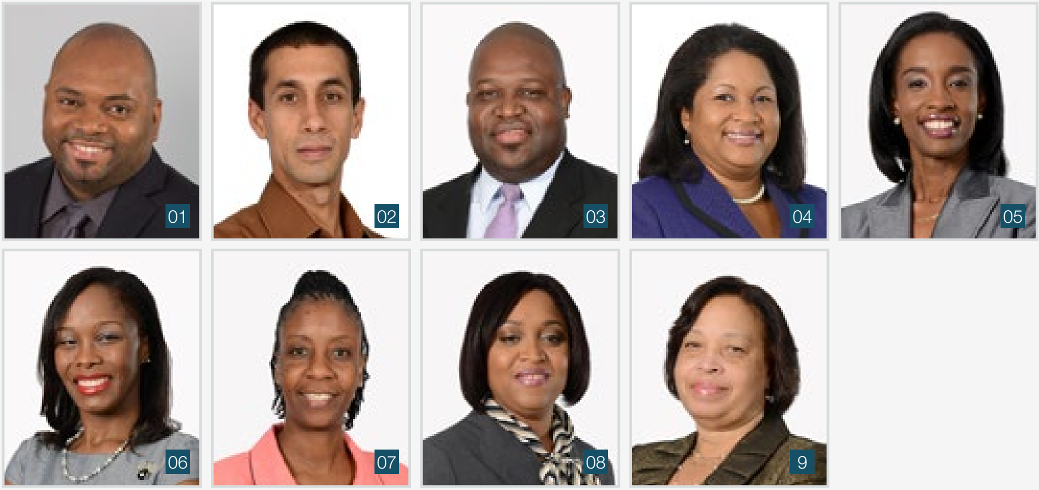
Our Customers

NCB Insurance Company Limited's (NCBIC's) commitment to further provide its customers with exceptional service continued as the team of Financial & Insurance Advisors, Business Retention Representatives, Call Centre Agents and Customer Service Representatives worked assiduously to positively impact our service quality. These efforts bore great fruit as our service scores improved from 4.55 registered in 2011/2012 to 4.66 in 2012/2013. We improved the insurance coverage on our Omni and Omni Educator products during the year and gave our customers unlimited access to view their balances on these two products through our online service while we continued to provide flexible methods of premium payments including: salary deductions, standing orders, pre-authorised payment (PAPs), NCB Online, Telebanking and over-the-counter (OTC) payments at NCB branches islandwide.

Our Subsidiaries

Cont'd

Meet the NCBIC Management Team



01 **Vernon James** GENERAL MANAGER 02 **Andre Ho Lung** Vice President, Finance 03 **Antonio Spence** Regional Manager, Region 1 - Individual Line
04 **Marsha Clarke-Bruce** Regional Manager, Region 2 – Individual Line 05 **Georgia Wright** Product Development and Projects Manager
06 **Sharla Cornwall** Regional Manager – Private Client Services 07 **Eleith Baxter** Assistant Finance Manager 08 **Shala Dinald** Assistant Finance Manager
09 **Angela Morse** Senior Underwriter MISSING **Desmond Johnson** Business Development Manager, Group Business > **Shereen Richards** Business Analyst

Infrastructure Upgrade and Process Improvements

The infrastructure upgrade and process improvement strategies continued throughout the financial year with the selection of a new insurance and pension administration system. Our process improvement initiatives undertaken through an enterprise strategic imperative resulted in several pain points of our current operations being identified for remedy. As a result, the following process improvement initiatives are underway:

- Enabling online services for all our customers
- Introduction of proper segmentation of our customer base
- Optimization of our sales operating model

NCBIC is expected to benefit from these initiatives through:

- Reduced cost from time savings and process optimization
- Increased revenues from cross-selling activities
- Increased customer satisfaction (reduced wait and transaction times)
- Improved data quality and tracking
- Optimization of our human resource capacity.

Outlook: Future Business Plans

We will be embarking on several strategic initiatives which are expected to improve our overall performance by the end of the new financial year 2013-14:

1. The implementation of a sales operating model across the enterprise to optimize cross-selling and lead generation.
2. Broker agreements and other alliances with financial institutions to be executed, thereby, expanding our sales channels.
3. Implementation of a new performance management framework which will be executed across the NCB Group.
4. Introduction of new products to the market.

NCB (CAYMAN) LIMITED

OUR CUSTOMERS

At NCB (Cayman) Limited, the primary focus is to provide our customers with peace of mind through affording them varied financial solutions to maintain and secure their wealth.

During the year, we continued our objective of streamlining our business model to meet the needs of our valued clients, primarily through the preservation of capital and diversification of risk. We also continued to increase face to face contact which led to more quality interactions with our customers to foster more enriching and deepened relationships.

CHANNEL DELIVERY

Our main source of receiving new business continues to be through our referral system mainly sourced through our existing client base and via NCB branches. This has proven to be a cost effective distribution channel and we are seeking to further enhance and leverage this system during the new financial year.

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

Net profit	USD2.75 million
Cost income ratio	32%
Return on average equity	11%
Total assets	USD100 million

ADVANTAGE GENERAL INSURANCE COMPANY LIMITED

Advantage General Insurance Company Limited (AGIC), is one of the largest general underwriters with a rich history in the insurance industry in Jamaica with roots beginning in 1964. In 1986 the company became known as United General Insurance Company Limited and subsequent to this has recorded phenomenal growth, moving from a gross annual premium of $10 million to approximately $3.1 billion in 2005. For the year ended September 30, 2013, this figure stood at $5.0 billion.

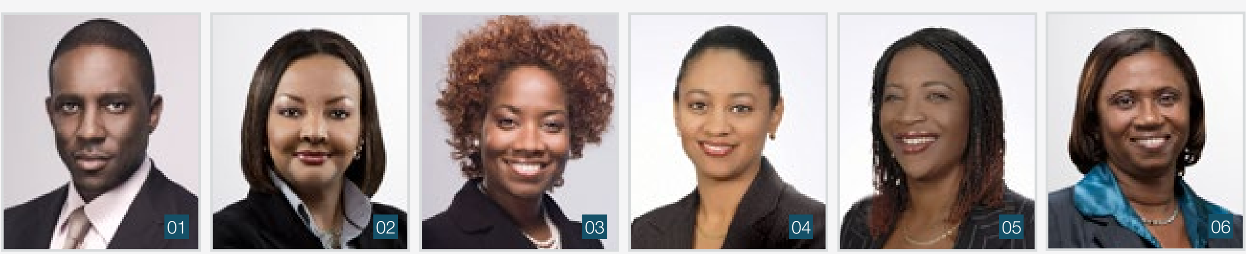
Known as the primary writer of motor policies in the personal lines market, the company today has an enviable customer base of over 100,000 policyholders. It is well supported by brokers, agents and a network of 11 branches strategically located in main towns island wide. The Company maintains a commanding position in a highly competitive market of nine players.

OUTLOOK: FUTURE BUSINESS PLANS

The company maintains its aggressive stance of improving operating results, sustaining profitability while managing exposure and meeting all regulatory standards. AGIC participates fully in the commercial property market and will continue to ardently market its personal lines products including home and contents coverage, policy add-ons, payment options and other services.

The attractive packaging of product offerings to suit the changing needs of customers and strategically positioned the company's sales force to offer superior product and service offerings to direct customers will also be a major focus in the new year.

Meet the AGIC Management Team



01 Mark Anthony Thompson PRESIDENT AND CHIEF EXECUTIVE OFFICER 02 Ruth L. Cummings Vice President, Channel Management & Marketing
03 Odia S. Reid Clarke General Counsel and Manager Claims Legal 04 Stephanie Neita Company Secretary and Compliance Manager
05 Sophia Smith Claims Manager 06 Colleen Ten-Hue Underwriting Manager

Our People

The Group Human Resources Division is committed to the leadership of a human resource function which drives capacity and capability building in order to ensure optimal productivity so that NCB can successfully respond to environmental challenges.

Learning & Development

Keeping pace with the rapidly evolving business environment requires employees with mature adaptation skills and conversancy with change management and organizational transformation. Against this context we recognized that achievement of our business objectives would require a fundamental shift in employee mindset and behaviour. To build the desired competences to support the shift we provided a combination of virtual and instructor led interventions geared at managing change and enterprise transformation. A supporting change management framework, a suite of tools and enterprise champions were implemented to catalyze the organization transformation philosophy.

As part of our ongoing human capital competency review we implemented measures in the past year to enhance our internal analytical capability and conducted post intervention assessments to determine the impact of the intervention and quantify the effectiveness of the change strategy. Through a community of practice which facilitates knowledge capture and diffusion, collaboration and enhanced dialogue, we safeguard the currency and applicability of the knowledge transferred.

Our core business model is driven by an integrative sales and service framework and successful execution of the model requires the deepening of the sales and services skills of our teams. To support this we launched our inaugural Lifecycle Financial Programme and commissioned online courses specific to the credit underwriting process to expand employee competence in these areas. The Lifecycle Financial Planning programme is entirely web based and addresses the following business objectives:

- Support an integrated approach to selling financial services
- Ingrain market penetration strategies
- Close knowledge gaps among sales and service teams across the business
- Develop the financial analysis capabilities of sales and service personnel
- Hone needs-based selling techniques and skills

> "The only sustainable competitive advantage is an organization's ability to learn faster than the competition."
>
> — Peter M. Senge

We utilized our sales predictive model to identify and nurture a pool of individuals capable of readily transitioning to sales and service roles across the enterprise and instituted measures to ensure their ongoing alignment and engagement.

Technology Enhancements

To better inform our learning interventions, we upgraded the skills assessment tool contained in our award winning Online Performance Management System (Human Resources Management Association of Jamaica (HRMAJ) Golden Leader in HR Innovation Award). These enhancements expedited our ability to collate corporate and business level learning needs in order to provide the appropriate learning solutions to accomplish our business objectives. Pursuant to our cost management strategy, we converted in excess of 250 hours of instructor led learning sessions to our virtual learning platform while simultaneously expanding the suite of on demand learning opportunities available to our team.

People Development

Achievement of our aspirational goals implies that we must have a workforce with the requisite knowledge, skills and competences to quickly respond to the mercurial and competitive business landscape. As part of the strategy, we focused on the development of a talent review solution that would facilitate:

- Easy recognition and mobilization of talent across the business, and
- Timely review of organization cognitive surplus available for strategic redeployment

Integral to the implementation of the solution was the compilation of a competency dictionary of general and business specific competences required to drive the mission critical job functions and enterprise validation by the heads of the respective NCB business lines.

To augment the human resource management capability of our leadership teams we conducted a series of developmental workshops entitled: The HR Summit which provided the attendees with key knowledge in talent planning and development, employee relations and strategies for leveraging workforce analytical data to achieve the desired results.

Performance Management

We believe that the effective management of performance must surpass a myopic focus on the measurement of results and extend to a system geared towards enabling optimal employee performance and ensuring ongoing business execution and sustainability. We continued to embed this philosophy by conducting two performance management workshops which provided the participants with performance management coaching skills and monitoring tools such as dashboards and heat maps and other resources available to drive employee development. In addition, we further merged employee capabilities and career aspirations with our business strategy and talent needs by conducting 8 professional development planning (PDP) workshops. These workshops and career management tools are intended to assist with the expansion of our talent pipeline for mission critical and other key leadership roles.

Positive Employee Climate

Sustained performance excellence is the by-product of a concentrated focus on the factors that drive both business performance and the health of the organization. Organizational health is defined as the ability of an organization to align, execute and renew itself faster than the competition so that it can sustain exceptional performance over time (Keller & Price 2011). Having conceptualized and implemented an organizational health framework in the previous year, we concentrated this year on its mobilization through a series of targeted initiatives. A major initiative was the development of an online collaboration portal which facilitated:

- Learning through sharing through the Communities of Practice supported by our respective Schools of Learning, and
- Innovation and knowledge capture/dissemination thereby assisting in the dismantling of silos and other unproductive hindrances to organizational transformation.

In engendering a culture of innovation, significant effort has been invested in the formulation of a framework for failure tolerance. To date, four measures of failure tolerance have been identified and a system for ranking the degree of tolerance for failure. This initiative is still in the embryonic stage, however, and in the year ahead emphasis will be placed on outlining failure tolerance levels in conjunction with the enterprise risk management framework, developing the proof of concept for a failure document library and engaging the respective business lines to validate the framework.

An engaged workforce is a critical component of sustained high business performance. The extent to which we are able to maintain high levels of performance is influenced by the measure to which the employee feels motivated, enabled and energized to perform at optimal levels. Bearing this in mind, we continued to conduct our mid-year employee engagement checkpoint polls and attendant action planning. The checkpoint polls provide a barometric reading of the effectiveness of divisional action plans thereby facilitating data-driven course correction.

A work environment that is open, free of the threat (perceived or otherwise) of retaliation and conducive to constructive criticism is integral to both engagement and health. As a result we continued to deliver workshops in performance coaching to provide our leadership teams with the tools and techniques to foster candid performance discussions with their direct reports through feedback and performance coaching.

In observance of our holistic view of employee engagement, we enhanced the services provided by our Early Childhood Development Centre to incorporate the adoption of the national education curriculum in our daycare and preschool sections and introduced the provision of developmental reports on all the children in attendance to help guide their parents (our employees) in their nurture and development of the children in the centre.
Our efforts have resulted in:

- Acknowledgement by the HEART Trust for our support of the HEART Trust Training Programme for Early Childhood, and
- Recognition from the Early Childhood Commission, the Embassy of the United States and Crayons Count.

A comprehensive focus on the management of organizational health and provision of opportunities that promote employee development and engagement are media through which we harness employee potential, spark creativity and innovation and unleash employee discretionary effort. The Group Human Resources Division is conscious of its governance role in facilitating the achievement of NCB's business aspirations and sustained performance excellence.

Our Communities

N.C.B. Foundation as the strategic philanthropic arm of National Commercial Bank Jamaica Limited (NCB) continues its thrust of building the communities it serves. We see the activities of the Foundation as vital to carrying out and demonstrating the social responsibility embraced by the NCB Group. The Foundation is the primary vehicle through which we give strategic focus to being good corporate citizens, which we appreciate is of significant interest to our stakeholders.

In spite of what has been categorised as a challenging financial year, NCB has not wavered on its commitment to provide 1% of the Bank's profit from the previous year to fund the work of the NCB Foundation.

Strategically, the Foundation continues to place emphasis on three focus areas: Education, Community Development (including Sports), and Youth Entrepreneurship & Development. Combined, these areas of remit support the Foundation's mandate to assist youth in active citizenship and gainful employment while facilitating the nation's civic development.

N.C.B. Foundation, for the 2012-13 financial year, relentlessly carried out its nation building endeavors and spent over $53.5million in support of initiatives aimed at delivering the desired strategic outcome.

EDUCATION

We see education as critical not only to the national agenda, but also to building the future workforce available to us as well as the capacity of our customers to fully understand and benefit from the financial services we provide.

Increased attention was placed on educational efforts over the past year and a total of $43.4million was spent in this area. The category was segmented as follows:

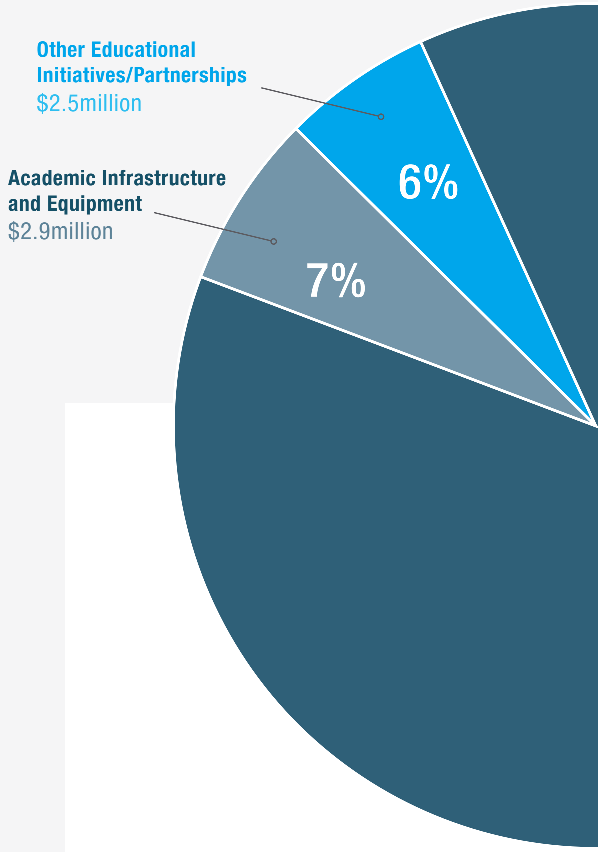
- Academic Fees - $38million
- Academic Infrastructure and Equipment - $2.9million
- Other Educational Initiatives/ Partnerships - $2.5million

Academic Fees - $38million

The NCB flagship Scholarship programme which supports the national mandate to achieve an increase in student enrolment at the tertiary level, continued to be an avenue for deserving Jamaican youths to access tertiary education that would have possibly been unattainable without financial assistance. The We Believe in You Grant saw increased assistance at that level as well as in the primary and secondary. Over 250 students were beneficiaries of portions of the $22.2million made available through the grant in 2013. Two National Champions were named after an exciting yet tedious challenge among all fourteen parish champions at our New Kingston Head Office. Mr Javon Dinnall and Ms Sherese Graham, the National Champions, are now both students at the University of the West Indies studying medicine and law, respectively, and will receive $500,000 scholarships annually for the tenure of their undergraduate studies. The twelve Parish Champions all received $250,000 with the same terms and will join the elite group of NCB Scholars still undergoing studies.

Individual academic assistance outside of the formal scholarship programme was also granted in special cases where students met unexpected financial difficulties during the academic year. This accounted for a further $1.7million in spend in this area.

CXC/CSEC Principles of Accounts and Principles of Business Fee



EDUCATION SPEND

Sponsorship accounted for more than $9.5million to pay for over 4,000 students. This initiative allowed students to sit these exams at no cost to them as part of a major thrust with the Ministry of Education to afford more youths the opportunity to matriculate to tertiary

education. Along with the four CXC/CSEC subjects fees covered by the Ministry, NCB therefore covers these additional two to qualifying students. We consider sponsorship of these subjects particularly relevant to increasing the financial literacy of our future employees and customers.

Academic Infrastructure and Equipment - $2.9million
Through the NCB branches, schools and institutions from all fourteen parishes benefited from infrastructural and/or technological improvements. The provision of desktop computers, laptops, printers and LCD projectors formed the major part of the overall donations.

Several infrastructural projects were undertaken for the financial year primarily the annual Labour Day project that was hosted at the Windsor School of Special Education in Greater Portmore, St. Catherine. NCB staff and their families committed their public holiday to helping those among us with special needs. The project included the refurbishing of the male and female bathrooms at the institution, gardening and painting of the exterior walls of the building.

The Foundation also supported institutions with beautification projects and purchase of furniture.

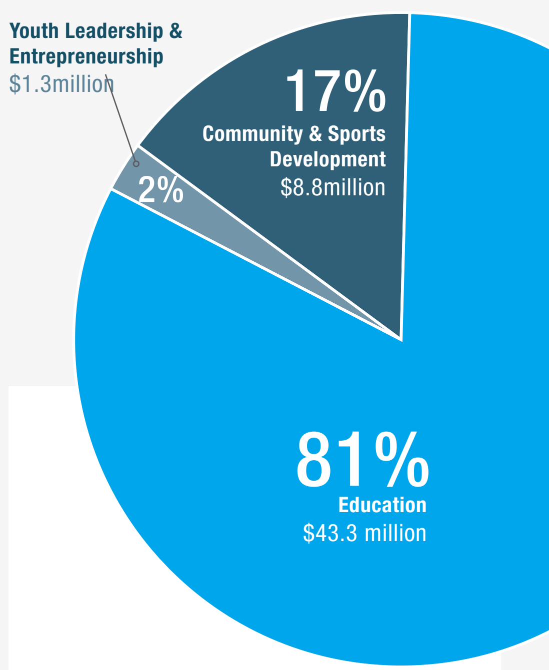
Other Educational Initiatives/ Partnerships- $2.5million
The Jamaica Teaching Council hosted its annual teacher recognition programme across several parishes in Jamaica. N.C.B. Foundation donated a total of 250 trophies for the well deserving teachers. Much support was given to institutions that honoured students excelling at varying levels; this included the Gleaner's recognition of Spelling Bee Champions who did well in their GSAT examinations and Vision Development Fund that recognized and provided scholarships for GSAT scholars in the South St. Andrew region. The Association of Principals and Vice Principals, through support from the Foundation, hosted its annual award ceremony for the top CSEC/CAPE students in the island.

In order to further assist struggling families during the back to school period, book vouchers valuing $5,000 each were given to needy children. Educational donations were also extended to assist the Lasco R.E.A.P. (Relief Environmental Awareness Programme) by way of prizes to top placing entrants. The Literacy Intervention Programme was hosted by the Jamaica Chamber of Commerce Education Committee at the Mona High School in St. Andrew. The programme attended to 40 youths between the ages of 16 and 21 who are considered "at risk", hailing from Kingston and St. Andrew communities.

COMMUNITY DEVELOPMENT & SPORTS - $8.8MILLION

The communities served by NCB continued to receive assistance to improve in overall development and, through the Foundation, support was extended in the areas of Sports, Charities, Medical Assistance and Community Activities.

Over the year, the M.V.P Track and Field Club received $1.5million toward the development of upcoming athletes trained at their camp. The sponsorship assisted with medical bills, training material and nutritional provisions. Other sporting activities included donations toward the Paul Bogle High Football and Sports programmes, provision of uniforms for the Ministry of Education netball team and the Tennis Jamaica Play and Stay programme geared at introducing the game of tennis as a recreational activity to entice overall learning.



AREAS OF FOCUS

Our Communities Cont'd

The Council for Voluntary and Social Services (CVSS) received assistance with its summer sports programme for Jamaican youths 10 to 25 years of age.
As is evident in all focus areas, staff volunteerism plays a major part in fulfilling the mandate of N.C.B. Foundation. Staff turnout and support continues to be high, especially for the 5K run/walk events geared toward helping the less fortunate. Some for the year included the Digicel Foundation 5K in aid of the Jamaica Autism Support Association and Nutall Memorial Hospital 5K to support their refurbishing and restoration fund.

Charities – Kiwanis Clubs across Jamaica continued to do charitable work with the help of the Foundation with projects ranging from provision of needed medical machinery to recognition of stalwart philanthropists. Missionaries for the Poor got donations to help with their projects that support the homeless, persons plagued with leprosy, street children and HIV victims. Simber Productions, producers of The Susan Show, received $240,000 toward the Simber Foundation efforts to assist children with Back to School needs. Other charities that benefited throughout the year included Mustard Seed Communities and St. Patrick's Foundation, Impact Award winners at the NCB Nation Builders Awards 2011 and 2012 respectively.

Medical Assistance – The Bustamante Children's Hospital received commitment for the remodeling of a multipurpose room on the Burn Unit Ward which is used for patient counseling, staff training and other ad-hoc meetings. The Jamaica Kidney Kids Foundation was also supported through purchase of tickets to events to support their cause. The Black River Hospital was well supported by the St. Elizabeth branches. The hospital received benches for the waiting area and support for its Labour Day project. The children on Ward 5 at the Bustamante Children's Hospital received their annual treat organized by Errol and Bishon Maragh who lost their son to illness in 1998, but continue to help other ill children in need.

Community Activities – Children from three children's homes in the corporate area were treated to watch Circus in the City and N.C.B. Foundation covered the transportation cost. Support to Best Care Lodge Children's Home continued by way of ticket purchases and direct donations. The Amy Muschette Home also benefited from the donation of a refrigerator.

The Christmas season was one filled with treats for the less fortunate among us. The Department of Correctional Services Corporate Area Probation Office provided food and gifts to over 300 persons at the Marie Atkins Shelter for the Homeless in Hanover as well as persons at the Drop-in Centre on Windward Road. N.C.B Foundation was there to support their activities. At the parish and branch levels, these treats were numerous and brought great cheer during the season.

YOUTH LEADERSHIP & ENTREPRENEURSHIP - $1.3MILLION

As the Foundation supports the educational efforts of Jamaica's youth, it continues to assist in the developmental and entrepreneurial process. The past year included, the following projects:

Rise Life Management – The computer network was upgraded to continue to facilitate training and entrepreneurial programmes for at-risk youths serviced by the organisation.

Spelling Bee Donation – N.C.B. Foundation provided prizes for the top three students. This formed part of NCB's sponsorship of the overall programme.

Make Your Mark Conference – The Communications Manager was a speaker at the event and the Foundation sponsored four final year business students to attend. This conference was designed to address the needs of enterprises and the managers'/team leaders' significant role in adding value. The N.C.B. Foundation, in keeping with our focus on Youth Leadership and empowerment, partnered with the organization tune of $120,000 to facilitate the attendance of the four final year business students from the University of the West Indies and University of Technology, Jamaica.

N.C.B. Foundation was happy to assist the communities we serve by way of donations in cash, kind and support. This assistance enabled good social relationships and strengthened areas of weakness in our society. The Foundation is committed to continuing its work in Education, Youth Development and Community Development, all in an effort to continue to Build a Better Jamaica.

01 Sonji Cummings & Vivienne Brown, NCB Insurance representatives, kept the children enthralled. By the time the reading session was over, not only were the children beaming with pleasure, but so too were our volunteers, who felt invigorated by their encounters with St Jude's bright, enthusiastic students. 02 These scholars play their part at the International Coastal Clean-up Day at the Shipwreck site on the Pallisadoes. 03 Children from St. Jude's Primary School are jubilant after sharing with Antonio Spence, Regional Manager, NCB Insurance on Read Across Jamaica Day. 04 Donna Reynolds, Administrator, Matthew 25:40 Boys' Home (Mustard Seed sponsored Boys' Home) accepts a deep freezer from Major Ffrench Campbell, Senior Assistant General Manager, Group Facilities and Services Division. 05 Thalia Lyn, Chairman, NCB Foundation, signs the cheque for the CXC POA and POB Fee Sponsorship handover held at the Ardenne High School. 06 Shereese Graham, National Scholarhip Champion Girl. 07 <L-R> Area Youth Foundation (AYF) trainees Jevonne Green, Joyette Hawes and Mario Duncan join sEleanor Henry, Poverty Reduction Programme Manager; Paul LeClerc, Technical Advisor; Scarlette Gillings, CEO, Jamaica Social Investment Fund and Belinda Williams, Group Corporate Communications Manager, NCB during a recent visit to the Bank. Dwight Wilson, AYF trainee; Sheila Graham; AYF Chairman; Timothy Allen and Aniesha Bailey, trainees; Karin Wilson Edmonds, Management Consultant and Daval James Bell AYF General Manager also posed for this photo 08 Javon Dinnall, National Scholarhip


02


03


04

"The NCB Foundation is the only reason I was able to complete my first semester in university. I am the least worried as I embark on the remaining five semesters as I know that the assistance and encouragement given to me by the foundation will not cease."


05

"I am very deeply honored to have been selected all island champion scholar of The NCB Foundation. I can express thanks in a million ways but in a small word - AWESOME!!"


06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13

Champion Boy. **09** Nicole Powell, NCB Insurance representative, volunteered her time to read to the children at the St. Jude's Primary in the library that was repainted by N.C.B. Foundation. **10** Georgenia Richardson, Reconciliation Officer from Group Finance Division, NCB trimmed some hedges at the Windsor School of Special Education on Labour Day **11** Teachers' Day at Allman Town Primary - Nichole Brackett Walters, Acting Marketing Manager, NCB, presents a gift to a male teahcer **12** Thalia Lyn, Chairman, NCB Foundation along with other Board Directors, Irene Walter, Stuart Reid and Andrew Pairman, congratulate Javon Dinnall, this year's National Champion Boy from Kingston. **13** All 14 parish champions <L-R> Anique Warren, Manchester > Leonnette Headley, St. James > Shereese Graham, St. Thomas > Deandra Needham, Trelawny > Sachel Christian, Clarendon > Janeak Bailey, Portland > Romane Duncan, St. Mary > Samantha Ledgister, St. Elizabeth > Javon Dinnall, Kingston > Toni-Ann Williams, St. Andrew > Deidre Lewis, St. Ann > Kerrijoe Malcholm, Hanover > Danielle Ewart, Westmoreland > Staecha Gouldblourne, St. Catherine.

Strategic Outlook 2013-2014

NCB's 2013-2014 strategy is focused on the mission of maintaining our position as Jamaica's premier financial institution and realizing our commitment to becoming a top financial services organisation in the Caribbean. The consistency of change within the local and global economies has informed our strategy and provided strong motivators for developing a strategy that is best able to navigate this future.

Our strategy remains responsive to **the leading trends and opportunities emerging in the local and global economies** in which we operate:

- Changing customer preferences and needs
- Uncertain local and global outlook
- Rapid rate of technological advances
- Increasing global interconnectivity
- Increasing non-traditional financial services players across the globe

EXPANDING NON-BRANCH SALES AND SERVICE DELIVERY

The delivery of banking services through our non-branch channels (Internet Banking, ABMs, and Customer Care Centre, etc.) will allow for faster, more efficient service while increasing the customers' convenience and control of their financial transactions. We are focused on enhancing the features and expanding customer comfort with these lower cost solutions as it will allow transactions to take place on demand and at a pace that is not dictated by branch opening hours.

As we embrace these opportunities to serve our clients more effectively and efficiently, **you will begin to see the impact of these changes in our physical appearance, but more importantly, in our client service and product offerings.**

Primary areas of focus as we pursue strategic growth

INCREASING EFFICIENCY AND OPTIMIZING OUR BRANCH NETWORK

We are undertaking several on-going initiatives designed to reduce our operating expenses while improving our productivity and customer service experiences. We will provide opportunities for our customers to drive down the costs of using our services, decrease transaction turnaround times and bolster profitability through targeted process redesign and the further streamlining of our branch network.

INCREASING PRODUCT BREADTH AND PENETRATION

Expanding our product offerings and increasing their penetration within our customer base has been a key focus in recent years and continues to be a strategic pillar for the future. Usage and access to financial products such as credit cards, retirement savings plans, critical illness health insurance and unit trusts is low in Jamaica relative to regional and global benchmarks; educating customers about the value of these products represents an important opportunity for NCB to expand our relationship with our customers and to meet their everyday needs.

REGIONAL EXPANSION

In addition to the growth opportunities in our home market, we have identified opportunities to grow within the Caribbean region and leverage our strong brand positioning. We continue to focus on organic as well as inorganic ways to expand our market share outside Jamaica's borders.

We are excited about the future and look forward to another year of success for our customers, employees and our shareholders. Join us on our journey and let us help you to "**Put Your Best Life Forward**".

Directors Report

September 30, 2013

The directors submit herewith the Consolidated Income Statement of National Commercial Bank Jamaica Limited and its subsidiaries for the year ended September 30, 2013, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	48,941,802
Profit before taxation	11,007,568
Taxation	(2,457,737)
Net profit	8,549,831

Dividends

The following dividends were paid during the year:

- $0.64 per ordinary stock unit was paid in December 2012
- $0.23 per ordinary stock unit was paid in March 2013
- $0.16 per ordinary stock unit was paid in May 2013
- $0.08 per ordinary stock unit was paid in August 2013

Another interim dividend of $0.16 per ordinary stock unit was paid in December 2013. The directors recommend that the Company's final dividend be $0.63, representing the aggregate of the interim dividends paid in 2013.

Directors

During the financial year, the Board of Directors comprised:

Hon. Michael A. Lee-Chin, OJ - Chairman
Mr Patrick A.A. Hylton, CD – Group Managing Director
Mr Dennis G. Cohen – Deputy Group Managing Director*
Mr Robert W. Almeida
Mr Wayne C. Chen
Mrs Sandra A.C. Glasgow
Mrs Sanya M. Goffe
Hon. Noel A.A. Hylton, OJ, CD, Hon. LL D
Mrs Thalia G. Lyn
Professor Alvin G. Wint

* On September 26, 2013, this position was re-named "Group Finance and Deputy Managing Director".

Company Secretary

The Company Secretary is Mr Dave L. Garcia.

Pursuant to Article 95 of the Company's Articles of Incorporation, 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.

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

On behalf of the Board

Dave L. Garcia
Company Secretary

>strength

No one can predict the future.

With a strong partner to support you along the way it can be easier to face life's challenges.

PUT YOUR BEST LIFE FORWARD

Financial

Statements

September 30, **2013**

National Commercial Bank Jamaica Limited

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September 30, 2013

Independent Auditors' Report

To the Members of
National Commercial Bank Jamaica Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, set out on pages 89 to 221, which comprise the consolidated statement of financial position as at 30 September 2013 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the accompanying financial statements of National Commercial Bank Jamaica Limited standing alone, which comprise the statement of financial position as at 30 September 2013 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone 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 about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view 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 consolidated and company stand alone financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

C.D.W. Maxwell E.A. Crawford P.E. Williams L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning
G.A. Reece P.A. Williams R.S. Nathan

National Commercial Bank Jamaica Limited

Independent Auditors' Report

Page 2

Opinion

In our opinion, the consolidated financial statements of National Commercial Bank Jamaica Limited and its subsidiaries, and the financial statements of National Commercial Bank Jamaica Limited standing alone give a true and fair view of the financial position of National Commercial Bank Jamaica Limited and its subsidiaries and of National Commercial Bank Jamaica Limited standing alone as at 30 September 2013, and of their financial performance and cash flows for the year then ended, so far as concerns the members of National Commercial Bank Jamaica Limited, 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 proper returns adequate for the purposes of our audit have been received from branches not visited by us, and the accompanying consolidated financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers.

Chartered Accountants
18 November 2013
Kingston, Jamaica

Consolidated Income Statement

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000
Operating Income			
Interest income		32,810,385	30,475,968
Interest expense		(9,251,399)	(8,691,878)
Net interest income	6	23,558,986	21,784,090
Fee and commission income		9,730,000	8,300,085
Fee and commission expense		(1,724,820)	(1,186,403)
Net fee and commission income	7	8,005,180	7,113,682
Gain on foreign currency and investment activities	8	1,028,030	3,731,492
Dividend income	9	228,506	119,634
Premium income	10	5,003,097	1,687,082
Other operating income		141,784	110,969
		6,401,417	5,649,177
		37,965,583	34,546,949
Operating Expenses			
Staff costs	11	11,270,133	9,755,916
Provision for credit losses	22	2,066,260	2,462,811
Depreciation and amortization		1,209,971	812,512
Impairment losses on securities	12	87,136	467,778
Policyholders and annuitants benefits and reserves	13	3,812,918	1,476,324
Other operating expenses	14	9,372,775	7,390,912
		27,819,193	22,366,253
Operating Profit		10,146,390	12,180,696
Share of profit of associates	25	861,178	947,141
Dilution of share in associates	25	-	(11,948)
Profit before Taxation		11,007,568	13,115,889
Taxation	15	(2,457,737)	(3,070,027)
NET PROFIT		8,549,831	10,045,862
Earnings per stock unit (expressed in $ per share)			
Basic and diluted	16	3.47	4.08

Consolidated Statement of Comprehensive Income

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	2013 $'000	2012 $'000
Net Profit	8,549,831	10,045,862
Other Comprehensive Income, net of tax –		
Items that may be reclassified subsequently to profit or loss		
Currency translation gains	368,431	92,142
Unrealized gains/(losses) on available-for-sale investments	436,092	(837,922)
Realized fair value gains on sale and maturity of available-for-sale investments	(508,142)	(2,226,635)
Total other comprehensive income	296,381	(2,972,415)
TOTAL COMPREHENSIVE INCOME	8,846,212	7,073,447

Consolidated Statement of Financial Position

September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013	Restated 2012	Restated 2011
		$'000	$'000	$'000
ASSETS				
Cash in hand and balances at Bank of Jamaica	17	24,388,683	24,102,812	20,725,491
Due from other banks	18	19,328,412	13,812,269	23,750,057
Derivative financial instruments	19	387,304	4,978	-
Investment securities at fair value through profit or loss	20	380,755	720,406	1,785,352
Reverse repurchase agreements	21	328,105	408,294	1,697,472
Loans and advances, net of provision for credit losses	22	141,150,312	111,904,854	91,728,138
Investment securities classified as available-for-sale and loans and receivables	23	100,856,119	90,641,280	97,379,975
Pledged assets	24	134,530,695	120,406,671	106,645,318
Investment in associates	25	8,512,251	7,149,680	6,698,130
Investment property	26	462,500	12,500	12,000
Intangible assets	27	1,837,974	1,135,599	897,862
Property, plant and equipment	28	6,438,707	5,231,798	4,322,866
Deferred income tax assets	29	31,710	19,483	26,191
Income tax recoverable		2,173,835	887,577	1,402,777
Customers' liability – letters of credit and undertaking		1,479,108	530,719	361,606
Other assets	30	4,288,585	2,466,599	2,184,878
Total Assets		446,575,055	379,435,519	359,618,113

Consolidated Statement of Financial Position

September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000	Restated 2011 $'000
LIABILITIES				
Due to other banks	31	17,410,200	9,324,897	6,215,824
Customer deposits		178,411,021	162,930,350	155,800,401
Repurchase agreements		117,377,395	101,890,449	84,075,103
Obligations under securitization arrangements	32	10,101,032	2,593,201	14,378,119
Derivative financial instruments	19	1,437	5,312	-
Other borrowed funds	33	4,900,592	3,620,012	5,693,957
Income tax payable		14,299	11,191	12,591
Deferred income tax liabilities	29	2,610,379	1,398,092	2,387,682
Liabilities under annuity and insurance contracts	34	33,914,506	25,194,324	23,564,275
Provision for litigation	35	11,500	17,300	13,000
Post-employment benefit obligations	36	1,108,993	810,276	582,491
Liability – letters of credit and undertaking		1,479,108	530,719	361,606
Other liabilities	37	6,778,092	4,766,075	4,555,800
Total Liabilities		374,118,554	313,092,198	297,640,849
EQUITY				
Share capital	38	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	38	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	39	2,490,560	2,194,179	5,166,594
Loan loss reserve	40	5,141,357	4,662,842	4,922,610
Banking reserve fund	41	6,512,634	6,512,634	6,039,667
Retained earnings reserve	42	18,050,657	14,013,657	11,375,761
Retained earnings		33,798,950	32,497,666	28,010,289
Total Equity		72,456,501	66,343,321	61,977,264
Total Equity and Liabilities		446,575,055	379,435,519	359,618,113

Approved for issue by the Board of Directors on November 14, 2013 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Dennis Cohen — Group Finance and Deputy Managing Director

Professor Alvin Wint — Director

Dave Garcia — Company Secretary

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Share Capital	Shares Held by Share Scheme	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at September 30, 2011	6,465,731	(3,388)	5,166,594	4,922,610	6,039,667	11,375,761	28,010,289	61,977,264
Total comprehensive income	-	-	(2,972,415)	-	-	-	10,045,862	7,073,447
Dividends paid	-	-	-	-	-	-	(2,707,390)	(2,707,390)
Transfer from Loan Loss Reserve	-	-	-	(259,768)	-	-	259,768	-
Transfer to Banking Reserve Fund	-	-	-	-	472,967	-	(472,967)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Balance at September 30, 2012	6,465,731	(3,388)	2,194,179	4,662,842	6,512,634	14,013,657	32,497,666	66,343,321
Total comprehensive income	-	-	296,381	-	-	-	8,549,831	8,846,212
Dividends paid	-	-	-	-	-	-	(2,733,032)	(2,733,032)
Transfer to Loan Loss Reserve	-	-	-	478,515	-	-	(478,515)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	4,037,000	(4,037,000)	-
Balance at September 30, 2013	6,465,731	(3,388)	2,490,560	5,141,357	6,512,634	18,050,657	33,798,950	72,456,501

Consolidated Statement of Cash Flows

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000
Cash Flows from Operating Activities			
Net profit		8,549,831	10,045,862
Adjustments to reconcile net profit to net cash provided by operating activities		1,241,892	6,078,542
Net cash provided by operating activities	43	9,791,723	16,124,404
Cash Flows from Investing Activities			
Acquisition of subsidiary, net of cash acquired	47	(2,883,959)	-
Acquisition of property, plant and equipment	28	(1,048,233)	(1,415,627)
Acquisition of intangible asset – computer software	27	(679,403)	(546,801)
Proceeds from disposal of property, plant and equipment		44,297	4,274
Dividends received from associates	25	194,355	146,761
Purchases of investment securities		(189,087,914)	(240,078,881)
Sales/maturities of investment securities		176,595,236	219,525,093
Net cash used in investing activities		(16,865,621)	(22,365,181)
Cash Flows from Financing Activities			
Proceeds from securitization arrangements		9,640,592	-
Repayments under securitization arrangements		(2,813,066)	(11,951,916)
Repayments of other borrowed funds		(1,122,126)	(3,035,243)
Proceeds from other borrowed funds		2,226,314	943,027
Due to other banks		5,313,864	2,513,162
Dividends paid		(2,733,032)	(2,707,390)
Net cash provided by/(used in) financing activities		10,512,546	(14,238,360)
Effect of exchange rate changes on cash and cash equivalents		3,856,575	1,044,342
Net increase/(decrease) in cash and cash equivalents		7,295,223	(19,434,795)
Cash and cash equivalents at beginning of year		21,266,744	40,701,539
Cash and Cash Equivalents at End of Year		28,561,967	21,266,744
Comprising:			
Cash in hand and balances at Bank of Jamaica	17	3,996,482	6,374,868
Due from other banks	18	19,145,629	13,170,698
Reverse repurchase agreements	21	322,809	394,873
Investment securities	23	10,887,465	4,345,284
Due to other banks	31	(5,790,418)	(3,018,979)
		28,561,967	21,266,744

Income Statement

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	2012 $'000
Operating Income			
Interest income		22,911,521	20,515,000
Interest expense		(5,086,566)	(4,261,224)
Net interest income	6	17,824,955	16,253,776
Fee and commission income		8,460,844	7,255,659
Fee and commission expense		(1,724,820)	(1,186,403)
Net fee and commission income	7	6,736,024	6,069,256
(Loss)/gain on foreign currency and investment activities	8	(433,142)	1,702,851
Dividend income	9	2,234,210	2,290,448
Other operating income		128,387	96,485
		1,929,455	4,089,784
		26,490,434	26,412,816
Operating Expenses			
Staff costs	11	9,828,429	8,607,561
Provision for credit losses	22	2,066,260	2,462,811
Depreciation and amortization		1,095,061	769,052
Other operating expenses	14	7,907,111	6,527,580
		20,896,861	18,367,004
Profit before Taxation		5,593,573	8,045,812
Taxation	15	(982,378)	(1,511,656)
NET PROFIT		4,611,195	6,534,156

Statement of Comprehensive Income

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	2013 $'000	2012 $'000
Net Profit	4,611,195	6,534,156
Other Comprehensive Income, net of taxes:		
Items that may be reclassified subsequently to profit or loss		
Unrealized (losses)/gains on available-for-sale investments	(160,761)	138,134
Realized fair value losses/(gains) on sale and maturity of available-for-sale investments	471,949	(643,995)
Total other comprehensive income	311,188	(505,861)
TOTAL COMPREHENSIVE INCOME	4,922,383	6,028,295

Statement of Financial Position

September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000	Restated 2011 $'000
ASSETS				
Cash in hand and balances at Bank of Jamaica	17	24,377,531	24,097,645	20,721,445
Due from other banks	18	18,787,758	13,323,806	23,267,333
Derivative financial instruments	19	387,304	4,978	-
Reverse repurchase agreements	21	760,724	565,719	990,011
Loans and advances, net of provision for credit losses	22	140,443,240	111,164,129	91,398,899
Investment securities classified as available-for-sale and loans and receivables	23	36,537,858	44,629,556	61,970,425
Pledged assets	24	57,556,696	42,852,578	22,844,269
Investment in associates	25	2,679,737	2,679,737	471,534
Investment in subsidiaries		1,609,609	1,609,609	1,609,609
Intangible assets	27	1,207,893	1,092,379	840,319
Property, plant and equipment	28	5,564,391	5,211,299	4,300,513
Income tax recoverable		1,157,263	297,796	525,802
Customers' liability – letters of credit and undertaking		1,479,108	530,719	361,606
Other assets	30	2,789,447	2,261,094	1,457,343
Total Assets		295,338,559	250,321,044	230,759,108

Statement of Financial Position

September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000	Restated 2011 $'000
LIABILITIES				
Due to other banks	31	21,430,317	11,716,825	6,215,824
Customer deposits		179,099,655	160,834,084	156,023,338
Repurchase agreements		30,271,641	27,712,425	8,509,780
Obligations under securitization arrangements	32	10,101,032	2,593,201	14,376,119
Derivative financial instruments	19	1,437	5,312	-
Other borrowed funds	33	2,985,250	2,153,512	4,035,316
Deferred tax liabilities	29	2,404,938	1,189,088	1,087,982
Provision for litigation	35	11,500	17,300	13,000
Post-employment benefit obligations	36	1,016,453	810,276	582,491
Liability - letters of credit and undertaking		1,479,108	530,719	361,606
Other liabilities	37	5,500,609	3,905,961	4,014,165
Total Liabilities		254,301,940	211,468,701	195,221,621
EQUITY				
Share capital	38	6,465,731	6,465,731	6,465,731
Fair value and capital reserves	39	(87,368)	(398,556)	107,305
Loan loss reserve	40	5,141,357	4,662,842	4,922,610
Banking reserve fund	41	6,512,634	6,512,634	6,039,667
Retained earnings reserve	42	18,050,657	14,013,657	11,375,761
Retained earnings		4,953,608	7,596,035	6,626,413
Total Equity		41,036,619	38,852,343	35,537,487
Total Equity and Liabilities		295,338,559	250,321,044	230,759,108

Approved for issue by the Board of Directors on November 14, 2013 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Dennis Cohen — Group Finance and Deputy Managing Director

Professor Alvin Wint — Director

Dave Garcia — Company Secretary

National Commercial Bank Jamaica Limited

Statement of Changes in Equity

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Share Capital	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at September 30, 2011	6,465,731	107,305	4,922,610	6,039,667	11,375,761	6,626,413	35,537,487
Total comprehensive income	-	(505,861)	-	-	-	6,534,156	6,028,295
Dividends paid	-	-	-	-	-	(2,713,439)	(2,713,439)
Transfer from Loan Loss Reserve	-	-	(259,768)	-	-	259,768	-
Transfer to Banking Reserve Fund	-	-	-	472,967	-	(472,967)	-
Transfer to Retained Earnings Reserve	-	-	-	-	2,637,896	(2,637,896)	-
Balance at September 30, 2012	6,465,731	(398,556)	4,662,842	6,512,634	14,013,657	7,596,035	38,852,343
Total comprehensive income	-	311,188	-	-	-	4,611,195	4,922,383
Dividends paid	-	-	-	-	-	(2,738,107)	(2,738,107)
Transfer to Loan Loss Reserve	-	-	478,515	-	-	(478,515)	-
Transfer to Retained Earnings Reserve	-	-	-	-	4,037,000	(4,037,000)	-
Balance at September 30, 2013	6,465,731	(87,368)	5,141,357	6,512,634	18,050,657	4,953,608	41,036,619

Statement of Cash Flows

Year ended September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

	Note	2013 $'000	Restated 2012 $'000
Cash Flows from Operating Activities			
Net profit		4,611,195	6,534,156
Adjustments to reconcile net profit to net cash provided by operating activities		(8,708,936)	2,417,572
Net cash (used in)/provided by operating activities	43	(4,097,741)	8,951,728
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	28	(987,114)	(1,406,023)
Acquisition of intangible asset – computer software	27	(622,388)	(529,239)
Investment in associate	25	-	(2,208,203)
Proceeds from disposal of property, plant and equipment		44,657	4,274
Purchases of investment securities		(76,079,052)	(175,264,034)
Sales/maturities of investment securities		68,441,112	162,665,687
Net cash used in investing activities		(9,202,785)	(16,737,538)
Cash Flows from Financing Activities			
Proceeds from securitization arrangements		9,640,592	-
Repayments under securitization arrangements		(2,813,066)	(11,951,916)
Repayments of other borrowed funds		(815,209)	(2,798,576)
Proceeds from other borrowed funds		1,520,738	896,885
Due to other banks		9,465,556	2,656,770
Dividends paid		(2,738,107)	(2,713,439)
Net cash provided by/(used in) financing activities		14,260,504	(13,910,276)
Effect of exchange rate changes on cash and cash equivalents		3,720,123	989,215
Net increase/(decrease) in cash and cash equivalents		4,680,101	(20,706,871)
Cash and cash equivalents at beginning of year		17,951,398	38,658,269
Cash and Cash Equivalents at End of Year		22,631,499	17,951,398
Comprising:			
Cash in hand and balances at Bank of Jamaica	17	3,985,330	6,369,701
Due from other banks	18	18,604,975	12,682,235
Reverse repurchase agreements	21	145,890	291,339
Investment securities	23	5,410,539	3,875,422
Due to other banks	31	(5,515,235)	(5,267,299)
		22,631,499	17,951,398

[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 50.48% (2012 – 51.71%) subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Bank.

The Bank's registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Bank is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

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

	Principal Activities	Percentage Ownership by The Group	
		2013	**2012**
Data-Cap Processing Limited	Security Services	100	100
Mutual Security Insurance Brokers Limited	Insurance Brokerage Services	100	100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services	100	100
Advantage General Insurance Company Limited	General Insurance	100	-
NCB Capital Markets (Cayman) Limited	Securities Dealer	100	100
NCB (Cayman) Limited	Commercial Banking	100	100
NCB Remittance Services (Cayman) Limited	Money Remittance Services	100	100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services	100	100
N.C.B. (Investments) Limited	Dormant	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
NCB Employee Share Scheme	Dormant	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.

Acquisition of Advantage General Insurance Company Limited
NCB Capital Markets Limited acquired the entire issued share capital of Advantage General Insurance Company Limited (AGI) in February 2013 (Note 47).

[expressed in Jamaican dollars unless otherwise indicated]

1. Identification and Principal Activities (Continued)

The Group's associates, which are all incorporated in Jamaica, are as follows:

	Principal Activities	Percentage ownership by The Group	
		2013	2012
Dyoll Group Limited	In Liquidation	44.47	44.47
Jamaica Money Market Brokers Limited	Securities Dealer and Stock Brokerage Services	26.30	26.30
Kingston Properties Limited	Ownership of real estate properties	25.17	25.17
Kingston Wharves Limited	Wharf Operations and Stevedoring	32.59	32.59

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities, investment securities at fair value through profit or loss, derivative contracts and investment property.

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

Changes in classification or presentation

The following reclassifications or changes in presentation were made in the financial statements for the year ended September 30, 2013. An additional comparative statement of financial position as at September 30, 2011 has been presented to show the effects of these changes in presentation. However, the changes had no effect on the net profit for the year ended September 30, 2012 or stockholders equity at September 30, 2012 and 2011.

(i) Securities pledged as collateral which were previously included in "Due from Other Banks" and "Investment Securities classified as Available-for-sale and Loans and Receivables" in the statement of financial position were reclassified to "Pledged Assets" which is now shown as a separate item on the face of the statement of financial position in accordance with IAS 39, Financial Instruments: Recognition and Measurement. The effects of this reclassification are set out in Notes 18 and 23, respectively.

(ii) Taxes incurred on premium income earned by the life insurance subsidiary which were previously included in "Taxation" in the income statement are now included in "Other Operating Expenses" in accordance with IAS 12, Income Taxes as they represent taxes on revenues rather than on profits. The effects of this reclassification are set out in Notes 14 and 15.

(iii) Certain pledged and restricted securities included in "Due from Other Banks" (Note 18) as well as short-term amounts with original maturities longer than 90 days included in "Due to Other Banks" (Note 31) were previously included in cash and cash equivalents for the purposes of the statement of cash flows. The effect of the items in "Due from Other Banks" are now reflected as operating cash flows and the effect of the items in "Due to Other Banks" are now reflected as financing cash flows.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Changes in classification or presentation (continued)
The effect on cash and cash equivalents previously reported were as follows:

	The Group		The Bank	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash and cash equivalents, as previously reported	16,717,197	38,609,519	13,258,243	36,566,249
Pledged securities included in Due from other banks	(1,114,800)	(1,062,518)	(1,114,800)	(1,062,518)
Restricted securities included in Due from other banks	(641,571)	(638,218)	(641,571)	(638,218)
Amounts included in Due to other banks with original maturities longer than 90 days	6,305,918	3,792,756	6,449,526	3,792,756
Cash and cash equivalents, as restated	21,266,744	40,701,539	17,951,398	38,658,269

Standards, interpretations and amendments to existing standards effective during the current year
Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations:

Amendment to IAS 1, 'Financial Statement Presentation', (effective for annual periods beginning on or after July 1, 2012). The main change resulting from these amendments is the requirement that the items listed under other comprehensive income be split into two categories, according to whether or not they could potentially be recycled to profit or loss in future periods. The Group has applied the amendments in its statement of comprehensive income.

Amendment to IAS 12, 'Income Taxes', (effective for annual periods beginning on or after January 1, 2012). IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult or subjective to estimate how much of the carrying amount will be recovered through rental income and how much will be recovered through sale. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, ‘‘Income taxes – recovery of revalued non-depreciable assets’’, will no longer apply to investment properties carried at fair value. The amendment has added a rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. There was no significant impact arising from adoption of this amendment during the year.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, 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 relevant to its operations, and has concluded as follows:

IAS 19 (Revised), 'Employee Benefits', (effective for annual periods beginning on or after January 1, 2013). IAS 19 (revised) amends the accounting for employment benefits to require the immediate recognition of all past service costs which were previously deferred over the period of vesting. It also eliminates the 'corridor approach' and requires that all actuarial gains and losses are recognized immediately in other comprehensive income. The revised standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. The Group will apply the new standard effective October 1, 2013.

The adoption of the new standard will require retrospective application. The effect of this on the financial position and results of operations for the year ended September 30, 2013 will be as follows:

The Bank's defined benefit pension scheme is closed. No pension asset is recognized in respect of this scheme as the Bank would not benefit from any surplus arising on the winding up. As a result, the Bank incurs no current service or interest cost in respect of this scheme. The new standard is, therefore, not expected to have any impact on the recognition of the Bank's defined benefit pension scheme.

In respect of the AGI defined benefit pension scheme, the effect of adopting the new standard is not expected to be material to the Group.

In respect of the other post-employment benefits, the new standard will result in an increase of $686,267,000 in the liability recognized in the statement of financial position as at September 30, 2013, with a pre-tax credit of $48,295,000 in the income statement and a pre-tax charge of $63,510,000 in other comprehensive income for the year ended September 30, 2013.

Annual Improvements 2011, (effective for annual periods beginning on or after January 1, 2013). The IASB issued its Annual Improvements to IFRSs 2009 – 2011 Cycle in May 2012, which amended five standards. The amendment to IAS 1, 'Presentation of Financial Statements' clarifies that when additional comparative information is provided in the financial statements on a voluntary basis, this information must also be presented in the related notes for that additional information. As a consequence of the amendment to IAS 16, 'Property, Plant and Equipment,' servicing equipment is recognized as property, plant and equipment or as inventory depending on its expected useful life. The amendment to IAS 32, 'Financial Instruments: Presentation' clarifies that the tax effect of distributions to holders of an equity instrument and the transaction costs of an equity transaction must be accounted for in accordance with IAS 12. Pursuant to the amendment to IAS 34, 'Interim Financial Reporting,' information on segment assets and liabilities is only required to be disclosed if such information is regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments to IFRS 1 "First-time Adoption of IFRS" do not have an impact on the Group. The new requirements will be applied effective 1 October 2013. The Group does not expect any major changes arising from their adoption.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after January 1, 2015). This standard will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9. IFRS 9 also removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortized cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

Certain aspects of IFRS 9 are still under development and have not been finalized. As a result, the Group is still assessing the potential impact of adoption and whether it should consider early adoption.

IFRS 10, 'Consolidated Financial Statements', (effective for annual periods beginning on or after January 1, 2013). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and Separate Financial Statements', and SIC-12, 'Consolidation − Special Purpose Entities'. IAS 27 (Revised) is now renamed 'Separate Financial Statements'. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The Group will apply the new standard effective October 1, 2013 and does not expect any significant impact from its adoption.

IFRS 11, 'Joint Arrangements', (effective for annual periods beginning on or after January 1, 2013). IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will apply this standard effective October 1, 2013 and does not expect any significant impact from its adoption as it does not currently have any joint arrangements that fall within the recognition criteria of this standard.

IFRS 12, 'Disclosure of Interests in Other Entities', (effective for annual periods beginning on or after January 1, 2013). IFRS 12 requires entities to disclose information that helps financial statement users to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements, unconsolidated structured entities and off-balance sheet vehicles. The Group will apply the standard effective October 1, 2013 and it will result in expanded disclosures in the financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after January 1, 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in IFRS 7, 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The Group will apply the standard effective October 1, 2013 and it will result in expanded disclosures in the financial statements.

IAS 28 (Revised), 'Investments in Associates and Joint Ventures', (effective for annual periods beginning on or after January 1, 2013). IAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Group will apply the standard effective October 1, 2013 but does not expect any significant impact from its adoption.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', (effective for annual periods beginning on or after January 1, 2013). This amendment requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The Group will apply the standard effective October 1, 2013 but does not expect any significant impact from its adoption.

IAS 32 (Amendment), 'Financial Instruments: Presentation', (effective for annual periods beginning on or after January 1, 2014). This amendment clarifies the requirements for offsetting financial instruments and address inconsistencies in current practice when applying the offsetting criteria in IAS 32, 'Financial Instruments: Presentation'. The Group will apply the standard effective October 1, 2014 but does not expect any significant impact from its adoption.

IFRIC 21, 'Levies', (effective for annual periods beginning on or after January 1, 2014). IFRIC 21 addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income Taxes'. IFRIC 21 indicates that the obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. It concludes that the fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. Accordingly, a liability to pay a levy is recognized when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognized when the threshold is reached. The Group is currently assessing the impact from future adoption of the interpretation on its financial statements.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36), (effective for annual periods beginning on or after January 1, 2014). The amendments to IAS 36 require disclosure of the recoverable amount of an individual asset (including goodwill) or a cash-generating unit and additional information about the fair value less costs of disposal for which an impairment loss has been recognized or reversed during the reporting period. The requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite life intangible assets allocated to that unit is significant when compared to the total carrying amount of goodwill or indefinite life intangible assets has been removed. The future adoption of these amendments may result in additional disclosure relating to impairments or reversals of impairments.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Group has power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

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 recognized at cost. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in other comprehensive income. 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Significant Accounting Policies (Continued)

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the Group Managing Director.

(d) Foreign currency translation

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 Bank's functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, 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 unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement.

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 recognized in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in the income statement, and other changes in the carrying amount, except impairment, are recognized in other comprehensive income.

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 statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement 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 recognized in other comprehensive income and accumulated as a separate component of equity.

2. Significant Accounting Policies (Continued)

(e) Revenue recognition

Interest income and expense

Interest income and expense are recognized in the income statement 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 amortized 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.

The Group accounts for interest income on loans in accordance with Jamaican banking regulations. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognized by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income

Fee and commission income is generally recognized on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction.

Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(r).

Dividend income

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

2. Significant Accounting Policies (Continued)

(f) Income taxes
Taxation expense in the income statement 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 or substantively enacted at the date of the statement of financial position.

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 and enacted or substantively enacted tax rates are used in the determination of deferred income tax.

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

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 income statement, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(g) 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.

(h) Derivative financial instruments
Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognized at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

2. Significant Accounting Policies (Continued)

(i) 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 collateralized 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.

(j) Loans and advances and provisions for credit losses

Loans and advances are recognized when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method.

Provision for credit losses determined under the requirements of IFRS

The Group continuously monitors loans or groups of loans for indicators of impairment. In the event that indicators are present, the loans or groups of loans are tested for impairment. A provision for credit losses is established if there is objective evidence of impairment. A loan or group of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event has reduced the estimated future cash flows of the loan and the amount of the reduction can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the obligor;
(ii) default or delinquency in interest or principal payments;
(iii) having to grant the borrower a concession that would not otherwise be considered due to the borrower's financial difficulty;
(iv) the probability that the borrower will enter bankruptcy or other financial reorganization; or
(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans, although the decrease cannot yet be identified with the individual loan in the portfolio, including:
    a) adverse changes in the payment status of borrowers in the portfolio; and
    b) national or local economic conditions that correlate with defaults on the loan portfolio.

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. For accounting purposes, the carrying amount of the loan is reduced through the use of a provision for credit losses account and the amount of the loss is recognized in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers loan type, industry, collateral type and past-due status). Those characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

2. Significant Accounting Policies (Continued)

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

Provision for credit losses determined under the requirements of IFRS (continued)

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the group. Losses over the preceding 12 months are used as a baseline to determine historical loss experience for loans with credit risk characteristics similar to those in the group. This historical loss experience is then adjusted, if necessary, to reflect broader economic trends over the most recent 24-month period with a 36-month look back period used on the highest risk portfolios. Finally, applicable adjustments are made on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related observable data and our assessment of changes in the economy from period to period (for example, changes in unemployment levels, property and motor vehicle prices, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is deemed uncollectible, it is written off against the related provision for credit losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the provision for credit losses. The amount of the reversal is recognized in the income statement.

Provision for credit losses determined under the Bank of Jamaica regulatory requirements

The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to reserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the Bank of Jamaica regulatory requirements comprises a "specific provision", a "special provision" and a "general provision". The specific and special provisions are determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

2. Significant Accounting Policies (Continued)

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

Provision for credit losses determined under the Bank of Jamaica regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognized in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realizable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of the estimated net loss of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealized for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealized for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

In respect of loans that are considered sub-standard for reasons other than being non-performing, a special provision is established for the greater of 1% of the amounts outstanding or 20% of the estimated net loss.

A general provision is established for all loans (other than loans for which specific and special provisions were established) at 1% of the amounts outstanding.

(k) Investment securities

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

Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognized at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at fair value through profit or loss is recognized in interest income. All other realized and unrealized gains and losses are included in gain on foreign currency and investment activities.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognized at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealized gains and losses arising from changes in fair value of available-for-sale securities are recognized in other comprehensive income. When the securities are disposed of or impaired, the related accumulated unrealized gains or losses included in other comprehensive income are transferred to the income statement.

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

2. Significant Accounting Policies (Continued)

(k) Investment securities (continued)

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.

Financial assets are assessed at each date of the statement of financial position 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 amortized 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 equity 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 recognized in the income statement, is removed from other comprehensive income and recognized in the income statement. Impairment losses recognized on the equity instruments are not reversed through the income statement.

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

Investment securities are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(l) Investment property

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. The property is not occupied by the Group.

Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

2. Significant Accounting Policies (Continued)

(m) Intangible assets

Computer software

Costs that are directly associated with acquiring and developing identifiable and unique software products are recognized as intangible assets. These costs are amortized using the straight-line method over their useful lives, not exceeding a period of five years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Customer relationships and trade name

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortized using the straight line method over their useful lives, not exceeding a period of twenty years.

(n) Property, plant and equipment

Land and buildings are shown at deemed cost less impairment losses, and 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 recognized 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 costs 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 or period over which depreciation is charged are as follows:

Freehold buildings	2%
Leasehold improvements	Period of lease
Computer equipment	20 - 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' useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets that are subject to amortization 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 income statement.

2. Significant Accounting Policies (Continued)

(o) Financial liabilities

The Group's financial liabilities comprise primarily amounts due to other banks, customer deposits, repurchase agreements, obligations under securitization arrangements, other borrowed funds and policyholders' liabilities.

The recognition and measurement of policyholders' liabilities is detailed in Note 2(r); other financial liabilities are measured at amortized cost.

(p) Borrowings

Borrowings, including those arising under securitization arrangements, are recognized initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective yield method.

(q) Leases

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 capitalized 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 in the income statement 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 in the income statement on a straight-line basis over the period of the lease.

As lessor

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

2. Significant Accounting Policies (Continued)

(r) 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 as significant insurance risk the possibility of having to pay benefits on the occurrence of an 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

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short duration insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), and group life insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the Road Traffic Act. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect on the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on inforce contracts that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the date of the statement of financial position calculated principally using the twenty-fourths method. Unearned premiums relating to group life are calculated based on 25% of net premiums written.

2. Significant Accounting Policies (Continued)

(r) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Short duration insurance contracts (continued)

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising from these revisions are recognised within claims expense in the current year.

Long duration insurance contracts

The accounting treatment of long duration contracts differs according to whether the contract bears investment options or not.

For long duration contracts that do not bear investment options, premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when incurred.

A liability for policyholders' benefits that are expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

For long duration contracts that bear investment options, insurance premiums are 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. Revenue consists of fees deducted for policy administration, mortality and surrenders and interest credited is treated as an expense.

Long duration insurance contract liabilities are recalculated by independent actuaries at each statement of financial position date using the Policyholder Premium Method and the change in the liability is recognised in the income statement.

Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year. Benefits and claims payable represent the gross cost of all claims notified but not settled on the date of the statement of financial position. Any reinsurance recoverable is shown separately as a receivable.

Policyholders' benefits

Maturities and annuities are accounted for when due. Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified. Differences between the estimated claims and subsequent settlements are recognised in the income statement in year of settlement.

2. Significant Accounting Policies (Continued)

(r) Insurance and investment contracts – classification, recognition and measurement (continued)

Liability adequacy test

At the date of the statement of financial position, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the income statement and the amount of the relevant insurance liabilities is increased.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group periodically assesses its reinsurance assets for impairment. If there is objective evidence that a reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

(s) Provisions

Provisions are recognized 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.

2. Significant Accounting Policies (Continued)

(t) Post-employment benefits

Pension benefits

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.

Defined benefit pension plans

A defined benefit pension plan is a 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.

The asset or liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs. In instances where an asset arises, the amount recognized is limited to the total of any cumulative unrecognized net actuarial losses and past service costs and the present value of an economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. 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 government 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 income statement over the employees' expected average remaining working lives. Past-service costs are recognized 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 amortized on a straight-line basis over the vesting period.

Defined contribution pension plans

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions. 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 income statement in the period to which they relate.

Other post-employment benefit obligations

The Bank provides post-employment health care benefits to its 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 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.

2. Significant Accounting Policies (Continued)

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

Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

(i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and

(ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where the Bank's obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. 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's obligations are considered to be contingent, the amounts are disclosed in Note 45.

(v) Share capital

Share issue costs

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.

Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are declared.

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 stockholders 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 stockholders.

(w) 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 third parties. 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's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

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 income statement, the Group makes judgments 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.

Estimates of future benefit payments and premiums arising from long duration insurance contracts

The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position 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 life insurance 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.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The ultimate liability arising from claims made under insurance contracts

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analyzed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Future obligations for post-employment benefits

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

Purchase price allocation of a business combination

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

As prescribed by IFRS 3 (revised), if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination is effected, the acquirer must account for the business combination using those provisional values and has a twelve month period from the acquisition date to complete the purchase price allocation. Any adjustment of the carrying amount of an identifiable asset or liability made as a result of completing the initial accounting is accounted for as if its fair value at the acquisition date had been recognized from that date. The purchase price allocation for the acquisition of AGI has been provisionally determined as described in Note 47.

4. Responsibilities of the Appointed Actuary and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the Insurance Act, appoint the Actuaries. Their 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 valuations using the Policy Premium Method, the Actuaries make 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 Actuaries and their report on the policyholders' liabilities.

5. Segment Reporting

The Group is organized into the following business segments:

(a) Retail & SME – This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.

(b) Payment services – This incorporates the provision of card related services

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

(d) Treasury & correspondent banking – This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.

(e) Wealth management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.

(f) Insurance & pension fund management – This incorporates life insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

(h) The Group's insurance brokerage services, trustee services and registrar and transfer agent services are classified as Other for segment reporting.

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

Unallocated assets and liabilities
Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Bank that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses
Costs incurred by the support units of the Bank are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortization and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the Group Managing Director and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations
Eliminations comprise inter-company and inter-segment transactions.

5. Segment Reporting (Continued)

Year ended September 30, 2013	Consumer and SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	13,724,403	7,206,123	4,099,787	6,120,409	8,294,769	5,473,071	3,941,207	82,033	-	48,941,802
Revenue from other segments	2,275,890	-	1,632	2,019,757	835,031	63,326	8,880	66,341	(5,270,857)	-
Total revenue	16,000,293	7,206,123	4,101,419	8,140,166	9,129,800	5,536,397	3,950,087	148,374	(5,270,857)	48,941,802
Interest income	12,354,290	2,660,109	3,591,925	8,308,455	7,786,785	2,686,633	318,296	32,732	(4,929,673)	32,809,552
Interest expense	(1,344,116)	(707,045)	(1,982,649)	(5,189,693)	(4,111,737)	(996,880)	-	(411)	4,929,673	(9,402,858)
Net interest income	11,010,174	1,953,064	1,609,276	3,118,762	3,675,048	1,689,753	318,296	32,321	-	23,406,694
Net fee and commission income	3,303,019	2,774,684	459,881	190,524	114,803	948,269	99,395	88,146	(92,727)	7,885,994
Gain on foreign currency and investment activities	178,981	13,196	35,895	(583,362)	1,078,030	220,661	87,519	(17,913)	12,045	1,025,052
Premium income	-	-	-	-	-	1,619,543	3,415,536	-	(31,982)	5,003,097
Other operating income	63,406	17,026	4,047	218,936	147,162	61,291	29,341	45,407	(260,382)	326,234
Total operating income	14,555,580	4,757,970	2,109,099	2,944,860	5,015,043	4,539,517	3,950,087	147,961	(373,046)	37,647,071
Staff costs	5,237,342	312,626	245,565	129,016	428,858	481,876	448,740	73,459	(34,315)	7,323,167
Provision for credit losses	1,384,905	659,960	63,969	-	-	-	-	-	-	2,108,834
Depreciation and amortization	150,578	90,463	5,496	104,425	7,613	32,888	23,444	2,158	47,762	464,827
Impairment losses on securities	-	-	-	-	87,136	-	-	-	-	87,136
Policyholders and annuitants benefits and reserves	-	-	-	-	-	1,396,113	2,416,805	-	-	3,812,918
Other operating expenses	2,402,485	934,143	564,808	622,648	610,588	455,530	499,059	25,147	(150,876)	5,963,532
Total operating expenses	9,175,310	1,997,192	879,838	856,089	1,134,195	2,366,407	3,388,048	100,764	(137,429)	19,760,414
Operating profit before allocated costs	5,380,270	2,760,778	1,229,261	2,088,771	3,880,848	2,173,110	562,039	47,197	(235,617)	17,886,657
Allocated costs	(4,587,226)	(662,561)	(379,115)	(214,376)	-	-	-	-	-	(5,843,278)
Operating profit c/fwd	793,044	2,098,217	850,146	1,874,395	3,880,848	2,173,110	562,039	47,197	(235,617)	12,043,379

Notes to the Financial Statements

September 30, 2013

[expressed in Jamaican dollars unless otherwise indicated]

5. Segment Reporting (Continued)

Year ended September 30, 2013	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	Retail & SME	Payment Services								
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	793,044	2,098,217	850,146	1,874,395	3,880,848	2,173,110	562,039	47,197	(235,617)	12,043,379
Unallocated corporate expenses										(1,896,989)
Share of profit of associates										861,178
Profit before Taxation										11,007,568
Taxation										(2,457,737)
Net Profit										8,549,831
Segment assets	151,550,642	11,839,178	58,753,003	139,238,839	127,197,750	35,864,968	10,419,681	1,000,275	(101,119,596)	434,744,740
Associates										8,512,251
Unallocated assets										3,318,064
Total assets										446,575,055
Segment liabilities	138,952,273	7,606,865	45,753,252	127,610,695	110,512,372	26,689,951	7,433,581	199,798	(93,502,909)	371,255,878
Unallocated liabilities										2,862,676
Total liabilities										374,118,554
Capital expenditure	1,084,465	292,440	40,732	36,745	58,873	118,469	57,077	38,835	-	1,727,636

5. Segment Reporting (Continued)

Year ended September 30, 2013	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Interest income	32,809,552	659	174	32,810,385
Interest expense	(9,402,858)	(16,783)	168,242	(9,251,399)
Net fee and commission income	7,885,994	94,299	24,887	8,005,180
Gain on foreign currency and investment activities	1,025,052	2,356	622	1,028,030
Premium income	5,003,097	-	-	5,003,097
Other operating income and dividend income	326,234	34,857	9,199	370,290
Staff costs	(7,323,167)	(3,122,840)	(824,126)	(11,270,133)
Provision for credit losses	(2,108,834)	33,689	8,885	(2,066,260)
Depreciation and amortisation	(464,827)	(589,558)	(155,586)	(1,209,971)
Impairment losses on securities	(87,136)	-	-	(87,136)
Policyholders and annuitants benefits and reserves	(3,812,918)	-	-	(3,812,918)
Other operating expenses	(5,963,532)	(2,279,957)	(1,129,286)	(9,372,775)
Share of profit of associates	861,178	-	-	861,178
	18,747,835	(5,843,278)	(1,896,989)	11,007,568

5. Segment Reporting (Continued)

Year ended September 30, 2012 - Restated	Consumer and SME								
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	11,987,814	5,655,151	3,687,430	8,337,897	8,895,950	5,778,306	82,682	-	44,425,230
Revenue from other segments	2,996,958	-	-	1,120,417	600,790	62,099	177,513	(4,957,777)	-
Total revenue	14,984,772	5,655,151	3,687,430	9,458,314	9,496,740	5,840,405	260,195	(4,957,777)	44,425,230
Interest income	11,589,823	2,095,535	3,176,482	7,556,345	7,744,270	2,729,571	36,176	(4,453,218)	30,474,984
Interest expense	(1,547,225)	(572,384)	(1,262,756)	(4,807,544)	(3,939,225)	(1,050,982)	(1,292)	4,453,218	(8,728,190)
Net interest income	10,042,598	1,523,151	1,913,726	2,748,801	3,805,045	1,678,589	34,884	-	21,746,794
Net fee and commission income	3,047,156	2,340,043	479,667	180,073	193,108	859,062	88,947	(198,436)	6,989,620
Gain on foreign currency and investment activities	128,592	8,429	21,859	1,545,365	1,480,682	498,119	(28,662)	28,440	3,682,824
Premium income	-	-	-	-	-	1,716,630	-	(29,548)	1,687,082
Other operating income	64,238	5,332	3,885	172,133	74,351	37,023	48,083	(202,126)	202,919
Total operating income	13,282,584	3,876,955	2,419,137	4,646,372	5,553,186	4,789,423	143,252	(401,670)	34,309,239
Staff costs	4,300,763	186,200	198,686	141,115	511,613	517,097	95,731	(29,138)	5,922,067
Provision for credit losses	692,582	418,647	1,352,698	-	-	-	-	-	2,463,927
Depreciation and amortization	138,854	65,318	5,314	86,096	5,193	35,648	1,036	-	337,459
Impairment losses on securities	-	-	-	-	467,778	-	-	-	467,778
Policyholders and annuitants benefits and reserves	-	-	-	-	-	1,476,324	-	-	1,476,324
Other operating expenses	2,259,018	740,233	390,844	535,312	600,637	462,787	22,734	(248,161)	4,763,404
Total operating expenses	7,391,217	1,410,398	1,947,542	762,523	1,585,221	2,491,856	119,501	(277,299)	15,430,959
Operating profit before allocated costs	5,891,367	2,466,557	471,595	3,883,849	3,967,965	2,297,567	23,751	(124,371)	18,878,280
Allocated costs	(4,320,718)	(567,410)	(376,865)	(272,816)	-	-	-	-	(5,537,809)
Operating profit c/fwd	1,570,649	1,899,147	94,730	3,611,033	3,967,965	2,297,567	23,751	(124,371)	13,340,471

5. Segment Reporting (Continued)

Year ended September 30, 2012 - Restated	Consumer and SME								
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Life Insurance & Pension Fund Management	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating profit b/fwd	1,570,649	1,899,147	94,730	3,611,033	3,967,965	2,297,567	23,751	(124,371)	13,340,471
Unallocated corporate expenses									(1,159,775)
Share of profit of associates									947,141
Dilution of share in associates									(11,948)
Profit before Taxation									13,115,889
Taxation									(3,070,027)
Net Profit									10,045,862
Segment assets	142,309,200	9,435,429	43,741,933	123,726,523	108,561,208	33,847,570	967,581	(94,188,657)	368,400,787
Associates									7,149,680
Unallocated assets									3,885,052
Total assets									379,435,519
Segment liabilities	126,705,217	7,186,881	35,068,827	111,824,614	92,832,713	25,401,036	185,430	(88,041,519)	311,163,199
Unallocated liabilities									1,928,999
Total liabilities									313,092,198
Capital expenditure	1,426,882	191,078	42,025	114,040	82,754	87,642	18,007	-	1,962,428

5. Segment Reporting (Continued)

Year ended September 30, 2012 - Restated	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Interest income	30,474,984	833	151	30,475,968
Interest expense	(8,728,190)	(20,098)	56,410	(8,691,878)
Net fee and commission income	6,989,620	119,143	4,919	7,113,682
Gain on foreign currency and investment activities	3,682,824	41,073	7,595	3,731,492
Premium income	1,687,082	-	-	1,687,082
Other operating income and dividend income	202,919	23,259	4,425	230,603
Staff costs	(5,922,067)	(3,272,756)	(561,093)	(9,755,916)
Provision for credit losses	(2,463,927)	942	174	(2,462,811)
Depreciation and amortisation	(337,459)	(405,251)	(69,802)	(812,512)
Impairment losses on securities	(467,778)	-	-	(467,778)
Policyholders and annuitants benefits and reserves	(1,476,324)	-	-	(1,476,324)
Other operating expenses	(4,763,404)	(2,024,954)	(602,554)	(7,390,912)
Share of profit of associates	947,141	-	-	947,141
Dilution of share in associates	(11,948)	-	-	(11,948)
	19,813,473	(5,537,809)	(1,159,775)	13,115,889

6. Net Interest Income

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest income				
Loans and advances	16,601,288	14,085,952	16,552,658	14,059,331
Investment securities –				
Available-for-sale and loans and receivables	16,031,835	16,135,130	6,232,341	6,286,306
At fair value through profit or loss	87,041	90,445	-	-
Reverse repurchase agreements	15,877	41,626	42,789	35,629
Deposits and other	74,344	122,815	83,733	133,734
	32,810,385	30,475,968	22,911,521	20,515,000
Interest expense				
Customer deposits	1,934,619	2,344,514	2,049,009	2,316,220
Repurchase agreements	4,676,677	4,164,851	1,540,530	915,861
Policyholders' benefits	996,880	1,050,982	-	-
Securitization arrangements	579,468	486,697	579,468	486,697
Other borrowed funds and amounts due from other banks	1,063,755	644,834	917,559	542,446
	9,251,399	8,691,878	5,086,566	4,261,224
Net interest income	23,558,986	21,784,090	17,824,955	16,253,776

7. Net Fee and Commission Income

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fee and commission income				
Retail and SME fees	3,346,859	2,951,506	3,263,523	3,048,197
Payment services fees	4,511,125	3,539,946	4,511,125	3,539,946
Corporate banking fees	466,781	481,260	466,781	481,260
Treasury and correspondent banking fees	194,529	181,338	194,529	181,338
Wealth management fees	114,803	193,108	-	-
Life Insurance and pension management fees	916,287	859,062	-	-
General insurance	99,395	-	-	-
Other	80,221	93,865	24,886	4,918
	9,730,000	8,300,085	8,460,844	7,255,659
Fee and commission expense				
Payment services fees	1,724,820	1,186,403	1,724,820	1,186,403
	8,005,180	7,113,682	6,736,024	6,069,256

8. Gain/(Loss) on Foreign Currency and Investment Activities

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Net foreign exchange gains	1,447,474	997,489	905,887	917,978
Debt securities held for trading	3,316	52,843	-	-
Loss on debt exchange transactions	(1,526,560)	-	(1,338,734)	-
Gains on other debt securities	1,150,488	2,646,674	57,499	784,873
Loss on embedded put option	(57,794)	-	(57,794)	-
Equity securities held for trading	11,106	33,986	-	-
Investment property (Note 26)	-	500	-	-
	1,028,030	3,731,492	(433,142)	1,702,851

Net foreign exchange gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

Loss on debt exchange transactions
In February and March 2013, the Group and the Bank participated in the National Debt Exchange (NDX) and a Private Debt Exchange (PDX) conducted by the Government of Jamaica. These involved the non-cash exchange of existing notes with a face value of $123,333,216,000 for the Group and $51,248,101,000 for the Bank for new, longer-dated debt instruments with lower coupon rates (new notes) of equivalent face value. Certain new notes issued under the PDX included instruments with embedded put options (Note 19).

The loss arising on the exchanges represents the difference between the carrying value of the existing notes and the fair value of the new notes (including the value of the embedded put option) at the date of exchange.

9. Dividend Income

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Subsidiaries	-	-	2,015,277	2,113,999
Associates	-	-	179,949	142,071
Other equity securities	228,506	119,634	38,984	34,378
	228,506	119,634	2,234,210	2,290,448

10. Premium Income

	The Group	
	2013	2012
	$'000	$'000
Annuity contracts	738,340	933,047
Life insurance contracts	849,222	754,035
General insurance contracts	3,415,535	-
	5,003,097	1,687,082

11. Staff Costs

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Wages, salaries, allowances and benefits	9,868,034	8,415,565	8,630,386	7,372,414
Payroll taxes	817,893	822,269	694,452	745,176
Pension costs – defined contribution plans	317,583	263,720	268,211	235,609
Pension costs – defined benefit plans (Note 36)	31,243	-	-	-
Other post-employment benefits (Note 36)	235,380	254,362	235,380	254,362
	11,270,133	9,755,916	9,828,429	8,607,561

Wages, salaries, allowances and benefits
Included in wages, salaries, allowances and benefits are base salary for executives, senior managers, managers, clerical and non-clerical employees. Amounts are also included for annual incentive and merit awards based on performance, annual and non-annual lump-sum fringe benefits, redundancy and other termination payments, fringe benefits for executives and senior managers as well as those that have been agreed based on collective bargaining with the trade unions representing managers, clerical and non-clerical staff.

Employees are categorized as permanent pensionable, contract, part-time and temporary.

Pension costs – defined contribution plan
The Group contributes a fixed 5% of base salary for pensionable staff into a defined contribution plan and there is no legal or constructive obligation to make further contributions.

12. Impairment Losses on Securities

This represents impairment losses recognized by certain subsidiaries of the Bank on investment securities classified as available-for-sale and loans and receivables. The losses relate entirely to debt securities.

13. Policyholders' and Annuitants' Benefits and Reserves

	The Group	
	2013	2012
	$'000	$'000
Annuity contracts	1,290,686	1,188,517
Life insurance contracts	104,527	287,807
General insurance contracts	2,417,705	-
	3,812,918	1,476,324

The above amounts include insurance claims by policyholders amounting to $667,877,000 (2012 – $486,869,000) in respect of life insurance and annuity contracts and $2,358,137,000 (2012 – $Nil) in respect of general insurance contracts.

14. Other Operating Expenses

	The Group		The Bank	
		Restated		
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Auditors' remuneration	54,780	40,764	21,830	18,192
Credit card rebates	407,940	350,459	407,940	350,459
Costs relating to Initial Public Offering	679,907	-	679,907	-
Insurance	403,629	368,079	367,542	355,547
Irrecoverable general consumption tax and asset tax	1,184,275	1,098,622	976,324	878,505
License and transaction processing fees	706,844	638,541	604,595	584,753
Marketing, advertising and donations	485,039	642,786	365,345	537,042
Operating lease rentals	150,919	113,960	131,360	101,540
Premium tax on life insurance contracts	100,111	86,762	-	-
Property, vehicle and ABM maintenance and utilities	1,954,763	1,761,519	1,805,967	1,701,125
Receivership expenses	280,840	171,975	280,840	171,975
Stationery	171,169	138,094	147,517	125,946
Technical, consultancy and professional fees	1,092,740	845,671	812,893	775,379
Travelling, courier and telecommunication	783,036	684,848	717,707	646,512
Other	916,783	448,832	587,344	280,605
	9,372,775	7,390,912	7,907,111	6,527,580

14. Other Operating Expenses (Continued)

In the prior year financial statements, taxes on premium income earned by the life insurance subsidiary amounting to $86,762,000 were included in Taxation (Note 15) in the income statement. These amounts were reclassified to Other Operating Expenses.

Costs relating to the Initial Public Offering (IPO) have been written off as the IPO has been postponed for a period longer than 90 days.

15. Taxation

	The Group		The Bank	
		Restated		
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current:				
Income tax	1,158,790	2,495,915	55,246	1,060,667
Investment income tax at 15%	229,632	300,385	-	-
Prior year (over)/under provision	(249,046)	89,742	(206,931)	50,763
Deferred income tax (Note 29)	1,318,361	183,985	1,134,063	400,226
	2,457,737	3,070,027	982,378	1,511,656

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 15% for the life insurance subsidiary, 33⅓% for the Bank and other "regulated companies", 21% for the subsidiary incorporated in the United Kingdom and 25% (2012 – 33⅓%) for all other subsidiaries (with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax), as follows:

	The Group		The Bank	
		Restated		
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Profit before tax	11,007,568	13,115,889	5,593,573	8,045,812
Tax calculated at actual tax rates	3,175,854	3,808,486	1,864,524	2,681,937
Income not subject to tax or in respect of which tax has been remitted	(541,335)	(633,946)	(918,742)	(1,180,831)
Expenses not deductible for tax purposes	373,178	206,629	354,144	110,188
Effect of share of profit and dilution losses of associates included net of tax	(222,274)	(311,731)	-	-
Effect of different tax rates applicable to dividend income	(332,492)	-	(304,612)	-
Other	4,806	589	(12,936)	(99,638)
Taxation expense	2,457,737	3,070,027	982,378	1,511,656

In the prior year financial statements, taxes incurred on premium income earned by the life insurance subsidiary amounting to $86,762,000 were included in Taxation in the income statement. These amounts were reclassified to Other Operating Expenses (Note 14).

16. 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.

	2013	2012
Net profit attributable to stockholders ($'000)	8,549,831	10,045,862
Weighted average number of ordinary stock units in issue ('000)	2,461,469	2,461,469
Basic and diluted earnings per stock unit ($)	3.47	4.08

17. Cash in Hand and Balances at Bank of Jamaica

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash in hand	3,049,827	2,648,795	3,044,815	2,645,378
Balances with the Bank of Jamaica other than statutory reserves	946,655	3,726,073	940,515	3,724,323
Included in cash and cash equivalents	3,996,482	6,374,868	3,985,330	6,369,701
Statutory reserves with the Bank of Jamaica – interest-bearing	6,822,408	6,110,134	6,822,408	6,110,134
Statutory reserves with the Bank of Jamaica – non-interest-bearing	13,569,745	11,617,765	13,569,745	11,617,765
	24,388,635	24,102,767	24,377,483	24,097,600
Interest receivable	48	45	48	45
	24,388,683	24,102,812	24,377,531	24,097,645

Statutory reserves with the Bank of Jamaica represent the required ratio of 12% and 9% (2012 – 12% and 9%) of prescribed Jamaican dollar and foreign currency liabilities respectively. They are not available for investment, lending or other use by the Group.

18. Due from Other Banks

	The Group			The Bank		
		Restated	Restated		Restated	Restated
	2013	2012	2011	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Items in course of collection from other banks	813,446	897,967	1,208,651	813,325	891,597	866,020
Placements with other banks	19,826,803	14,026,055	23,601,277	19,257,432	13,546,773	23,463,102
	20,640,249	14,924,022	24,809,928	20,070,757	14,438,370	24,329,122
Interest receivable	18,279	3,047	2,647	42	236	729
	20,658,528	14,927,069	24,812,575	20,070,799	14,438,606	24,329,851
Less: Placements pledged as collateral for letters of credit (Note 24)	(1,330,116)	(1,114,800)	(1,062,518)	(1,283,041)	(1,114,800)	(1,062,518)
	19,328,412	13,812,269	23,750,057	18,787,758	13,323,806	23,267,333

Placements with other banks include short term fixed deposits and other balances held with correspondent banks. These bank balances are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

In the prior year financial statements, placements pledged as collateral for letters of credit were included in Due from Other Banks in the statement of financial position. These amounts were reclassified to Pledged Assets (Note 24), which are now shown as a separate item on the face of the statement of financial position.

The amounts included as cash equivalents in the statement of cash flows is as follows:

	The Group			The Bank		
		Restated	Restated		Restated	Restated
	2013	2012	2011	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Due from other banks	19,328,412	13,812,269	23,750,057	18,787,758	13,323,806	23,267,333
Less: amounts restricted to the settlement of obligations under securitization arrangements	(182,783)	(641,571)	(638,218)	(182,783)	(641,571)	(638,218)
	19,145,629	13,170,698	23,111,839	18,604,975	12,682,235	22,629,115

19. Derivative Financial Instruments

The carrying values of derivatives for the Group and the Bank were as follows:

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Embedded put option	387,304	-	-	-
Foreign currency forward contracts	-	1,437	4,978	5,312

19. Derivative Financial Instruments (Continued)

Derivatives are carried at fair value in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default.

Embedded put option

The Bank holds certain Government of Jamaica debt securities which were issued in February 2013 and mature in February 2024. The terms of these securities contain an investor put option exercisable in February 2018 under which the holder may require the Government of Jamaica to redeem the securities at 100% of the principal value plus any accrued interest. This embedded put option has been separated and recognized as a financial asset in the statement of financial position. The initial recognition of the option is included in the determination of the "Loss on debt exchange transactions" and gains and losses on subsequent revaluations of the option are reflected in "Gain/(loss) on foreign currency and investment activities" (Note 8).

Foreign currency forward contracts

The fair values of outstanding foreign currency forward contracts at September 30, 2013 net to a liability of $1,437,000 (US$14,000) (2012 – $334,000 (US$4,000)). The notional amounts at September 30, 2013 amounted to US$4,044,000 (2012 – US$22,617,000).

20. Investment Securities at Fair Value through Profit or Loss

	The Group	
	2013	**2012**
	$'000	**$'000**
Government of Jamaica debt securities	187,435	111,373
Government of Jamaica guaranteed corporate bonds	15,917	110,060
	203,352	221,433
Other corporate bonds	12,225	209,714
Foreign government	18,326	-
Quoted equity securities	143,442	282,472
	377,345	713,619
Interest receivable	3,410	6,787
	380,755	720,406

21. Reverse Repurchase Agreements

The Group and the Bank enter into collateralized 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 of $1,243,000 (2012 – $968,000) and $5,836,000 (2012 – $5,218,000) for the Group and the Bank, respectively.

At September 30, 2013, the Group and the Bank held $378,419,000 (2012 – $447,393,000) and $810,571,000 (2012 – $578,573,000), respectively, of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

Included in reverse repurchase agreements for the Group and the Bank are securities with an original maturity of less than 90 days amounting to $322,809,000 (2012 – $394,873,000) and $145,890,000 (2012 – $291,339,000), respectively, which are regarded as cash equivalents for purposes of the statement of cash flows.

22. Loans and Advances

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Gross loans and advances	143,682,768	115,797,415	142,974,280	115,052,908
Provision for credit losses	(3,226,544)	(4,766,151)	(3,221,092)	(4,761,413)
	140,456,224	111,031,264	139,753,188	110,291,495
Interest receivable	694,088	873,590	690,052	872,634
	141,150,312	111,904,854	140,443,240	111,164,129

The current portion of loans and advances amounted to $21,471,310,000 (2012 – $30,916,255,000) for the Group and $20,844,847,000 (2012 – $30,825,274,000) for the Bank.

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

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at beginning of year	4,766,151	2,884,153	4,761,413	2,879,589
Provided during the year	2,312,112	2,732,158	2,312,112	2,732,158
Recoveries	(245,852)	(269,347)	(245,852)	(269,347)
Net charge to the income statement	2,066,260	2,462,811	2,066,260	2,462,811
Write-offs	(3,605,867)	(580,813)	(3,606,581)	(580,987)
Balance at end of year	3,226,544	4,766,151	3,221,092	4,761,413

The aggregate amount of non-performing loans as at September 30, 2013 for the Group and the Bank on which interest was not being accrued amounted to $6,961,388,000 (2012 – $8,271,530,000).

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

	The Group and The Bank	
	2013	2012
	$'000	$'000
Specific provision	7,019,639	8,446,310
General provision	1,342,810	977,945
	8,362,449	9,424,255
Excess of regulatory provision over IFRS provision recognized in the Bank reflected in non-distributable loan loss reserve (Note 40)	5,141,357	4,662,842

23. Investment Securities classified as Available-for-sale and Loans and Receivables

	The Group		
	2013	2012	2011
	$'000	$'000	$'000
Available-for-sale securities – at fair value			
Debt securities –			
Government of Jamaica and Bank of Jamaica	168,143,494	148,418,357	139,072,782
Government of Jamaica guaranteed corporate bonds	9,599,145	9,264,768	5,971,634
	177,742,639	157,683,125	145,044,416
Other corporate bonds	5,959,972	5,563,909	8,845,819
Foreign governments	3,126,279	1,743,826	1,300,141
Equity securities –			
Quoted	851,179	1,739,754	492,257
Unquoted	47,498	47,498	47,498
	187,727,567	166,778,112	155,730,131
Loans and receivables – at amortized cost			
Debt securities –			
Government of Jamaica and Bank of Jamaica	27,901,967	22,622,776	27,211,397
Government of Jamaica guaranteed corporate bonds	8,447,329	12,398,193	13,925,247
	36,349,296	35,020,969	41,136,644
Other debt instruments	6,266,687	5,065,335	3,314,408
	42,615,983	40,086,304	44,451,052
Interest receivable	3,713,148	3,068,735	2,781,592
Total investment securities	234,056,698	209,933,151	202,962,775

	The Group		
		Restated	Restated
	2013	2012	2011
	$'000	$'000	$'000
Total investment securities, as above	234,056,698	209,933,151	202,962,775
Less: Pledged securities (Note 24)	(133,200,579)	(119,291,871)	(105,582,800)
Amount reported on the statement of financial position	100,856,119	90,641,280	97,379,975

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

	The Bank		
	2013	2012	2011
	$'000	$'000	$'000
Available-for-sale securities – at fair value			
Debt securities –			
Government of Jamaica and Bank of Jamaica	68,271,252	61,585,090	54,550,211
Government of Jamaica guaranteed corporate bonds	295,902	623,858	-
	68,567,154	62,208,948	54,550,211
Other corporate bonds	1,548,454	2,109,938	2,003,480
Foreign governments	1,408,140	941,657	934,223
Equity securities –			
Quoted	583,942	550,978	504,751
Unquoted	18,255	18,255	18,255
	72,125,945	65,829,776	58,010,920
Loans and receivables – at amortized cost			
Debt securities –			
Government of Jamaica and Bank of Jamaica	15,754,543	11,838,160	16,341,099
Government of Jamaica guaranteed corporate bonds	1,706,751	5,834,887	6,153,841
	17,461,294	17,673,047	22,494,940
Other corporate bonds	1,877,025	1,654,741	2,127,181
	19,338,319	19,327,788	24,622,121
Interest receivable	1,347,249	1,209,770	1,119,135
Total investment securities	92,811,513	86,367,334	83,752,176

	The Bank		
		Restated	Restated
	2013	2012	2011
	$'000	$'000	$'000
Total investment securities, as above	92,811,513	86,367,334	83,752,176
Less: Pledged securities (Note 24)	(56,273,655)	(41,737,778)	(21,781,751)
Amount reported on the statement of financial position	36,537,858	44,629,556	61,970,425

In the prior year financial statements, securities pledged as collateral were included in Investment Securities classified as Available-for-sale and Loans and Receivables in the statement of financial position. These amounts were reclassified to Pledged Assets (Note 24), which are now shown as a separate item on the face of the statement of financial position.

The current portion of total investment securities amounted to $32,227,438,000 (2012 – $35,182,013,000) for the Group and $11,741,825,000 (2012 – $23,715,320,000) for the Bank.

Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $10,887,465,000 (2012 – $4,345,284,000) for the Group and $5,410,539,000 (2012 – $3,875,422,000) for the Bank which are regarded as cash equivalents for purposes of the statement of cash flows.

23. Investment Securities classified as Available-for-sale and Loans and Receivables (Continued)

Disclosure in respect of securities reclassified on October 1, 2008 from the available-for-sale category to the loans and receivables category

On October 1, 2008, the Group reclassified Government of Jamaica global bonds and guaranteed corporate bonds from the available-for-sale category to the loans and receivables category due to the market for these securities becoming inactive in October 2008.

The market was determined to be active again on December 1, 2010. The Group opted to retain the classification of these securities as loans and receivables.

The fair value of these securities at the date of reclassification became their new amortised cost. The accumulated fair value losses included in fair value reserve as at that date are being amortized to profit or loss over the remaining life of the securities.

Fair value reserve (Note 39) includes fair value losses in relation to the reclassified securities not yet derecognized as at the date of the statement of financial position amounting to $1,217,255,000 (2012 – $1,224,134,000) for the Group and $566,536,000 (2012 – $522,830,000) for the Bank.

The carrying value (excluding accrued interest) and fair value of these securities as at the date of the statement of financial position were as follows:

	The Group		The Bank	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
At September 30, 2013	26,185,747	26,462,650	9,971,168	9,958,917
At September 30, 2012	32,861,882	33,586,200	17,673,068	17,781,035

The amounts recognized in the income statement in respect of these securities were as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest income	2,258,512	2,889,615	852,598	1,576,049
Foreign exchange gains	3,391,766	1,532,309	1,322,712	989,894

Fair value gains of $1,942,499,000 (2012 – $497,935,000) for the Group and $961,890,000 (2012 – $425,019,000) for the Bank would have been recognized in other comprehensive income during the year had these securities not been reclassified.

24. Pledged Assets

	The Group			The Bank		
		Restated	Restated		Restated	Restated
	2013	2012	2011	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000
Investment securities pledged as collateral for:						
Repurchase agreements	132,373,529	118,883,204	103,003,375	55,540,335	41,433,559	19,385,603
IDB/DBJ Loan	-	-	2,205,148	-	-	2,205,148
Custodial services	733,321	304,219	191,000	733,320	304,219	191,000
Uncleared effects	-	-	36,333	-	-	-
Investment securities held as security in respect of life insurance subsidiary	93,729	104,448	146,944	-	-	-
	133,200,579	119,291,871	105,582,800	56,273,655	41,737,778	21,781,751
Placements with other banks pledged as collateral for letters of credit	1,330,116	1,114,800	1,062,518	1,283,041	1,114,800	1,062,518
	134,530,695	120,406,671	106,645,318	57,556,696	42,852,578	22,844,269

The Financial Services Commission holds investment securities for the life insurance subsidiary in accordance with Section 8(1)(B) of the Insurance Regulations 2001.

In the prior year financial statements, securities pledged as collateral were included in Due from Other Banks (Note 18) and Investment Securities classified as Available-for-sale and Loans and Receivables (Note 23) in the statement of financial position. These amounts were reclassified to Pledged Assets, which are now shown as a separate item on the face of the statement of financial position.

25. Investment in Associates

The movement in investments in associates was as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
At the beginning of the year	7,149,680	6,698,130	2,679,737	471,534
Acquisitions	-	-	-	2,208,203
Share of profits	861,178	947,141	-	-
Loss on dilution	-	(11,948)	-	-
Dividends received	(194,355)	(146,761)	-	-
Movement in other reserves	695,748	(336,882)	-	-
At end of year	8,512,251	7,149,680	2,679,737	2,679,737

The Group has used the financial statements of its associates as at June 30 for the purposes of consolidation. Adjustments are made for significant transactions or events, where identified, that occur between that date and September 30.

The carrying values of investment in associates and the values indicated by prices quoted on the Jamaica Stock Exchange ("JSE Indicative Value") as at September 30 were as follows:

	The Group			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2013	2013	2012	2012
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	2,705,495	3,216,027	2,559,994	2,363,081
Jamaica Money Market Brokers Limited	5,621,621	3,323,040	4,456,250	3,172,967
Kingston Properties Limited	185,135	77,930	133,436	70,137
Dyoll Group Limited	-	-	-	-
	8,512,251	6,616,997	7,149,680	5,606,185

	The Bank			
	Carrying Value	JSE Indicative Value	Carrying Value	JSE Indicative Value
	2013	2013	2012	2012
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	471,534	2,489,569	471,534	1,829,292
Jamaica Money Market Brokers Limited	2,208,203	3,323,040	2,208,203	3,172,967
Dyoll Group Limited	-	-	-	-
	2,679,737	5,812,609	2,679,737	5,002,259

25. Investment in Associates (Continued)

Management has conducted an impairment assessment in respect of these investments involving a review of the performance of the entities as well as the values of the underlying assets and determined that no impairment in the carrying values has occurred.

The assets, liabilities, revenue and net profit of the associates as at and for the years ended, as indicated below, are as follows:

	Assets	Liabilities	Revenue	Net Profit
	$'000	$'000	$'000	$'000
2013				
Kingston Wharves Limited (June 30, 2013)	16,359,398	3,977,135	4,538,868	736,188
Jamaica Money Market Brokers Limited (June 30, 2013)	175,515,455	155,960,685	13,921,508	2,648,244
Kingston Properties Limited (June 30, 2013)	1,089,867	354,361	265,415	164,062
Dyoll Group Limited (December 31, 2007)	172,259	43,021	-	-
	193,136,979	160,335,202	18,725,791	3,548,494
2012				
Kingston Wharves Limited (June 30, 2012)	16,016,261	4,526,535	3,355,609	329,501
Jamaica Money Market Brokers Limited (June 30, 2012)	154,145,097	139,721,043	11,270,863	3,330,635
Kingston Properties Limited (June 30, 2012)	854,765	324,649	76,935	16,162
Dyoll Group Limited (December 31, 2007)	172,259	43,021	-	-
	171,188,382	144,615,248	14,703,407	3,676,298

Dilution

During the year ended September 30, 2012, Jamaica Money Market Brokers Limited (JMMB) acquired the entire share capital of Capital & Credit Financial Group Limited (CCFG) for a consideration of cash and the issuing of new shares to the former shareholders of CCFG. The shares issued to the former shareholders of CCFG resulted in a dilution of the share of the Group's ownership in JMMB from 29.30% to 26.30%.

On March 29, 2012, Kingston Wharves Limited issued additional shares to another shareholder, thereby diluting the Group's interest from 43.45% to 32.59%.

Impairment

In prior years, the investment in Dyoll Group Limited was fully provided for after Dyoll Insurance Company Limited, a major subsidiary of the Dyoll Group, suffered extensive losses as a result of claims made by policyholders after a major hurricane caused substantial damage to the Cayman Islands in September 2004. Trading in the company's shares on the Jamaica Stock Exchange (JSE) was suspended during the 2006/2007 financial year for failure to meet the financial reporting requirements of the JSE. The company was subsequently delisted by the JSE. The company is currently in liquidation.

26. Investment Property

	The Group 2013 $'000	The Group 2012 $'000
Balance at beginning of year	12,500	12,000
Arising on acquisition of subsidiary	450,000	-
Fair value gains (Note 8)	-	500
Balance at end of year	462,500	12,500
Income earned from the properties	20,511	-
Expenses incurred by the properties	(60,176)	-

The properties held are stated at fair market value, as appraised by professional, independent valuators. The last valuations were done in January 2012 for the life insurance subsidiary and in December 2012 for the general insurance subsidiary which was acquired during the year.

27. Intangible Assets

	The Group			
	Trade name $'000	Customer relationships $'000	Computer Software $'000	Total $'000
	2013			
Opening net book value, October 1, 2012	-	-	1,135,599	1,135,599
On acquisition of subsidiary	238,974	366,894	7,654	613,522
Additions	-	-	679,403	679,403
Write offs	-	-	(35,073)	(35,073)
Reclassifications and adjustments	-	-	(34,898)	(34,898)
Amortisation charge	(8,596)	(39,165)	(472,818)	(520,579)
Closing net book value, September 30, 2013	230,378	327,729	1,279,867	1,837,974
Cost	238,974	366,894	4,221,422	4,827,290
Accumulated amortisation and impairment	(8,596)	(39,165)	(2,941,555)	(2,989,316)
Closing net book value	230,378	327,729	1,279,867	1,837,974
	2012			
Opening net book value, October 1, 2011	-	-	897,862	897,862
Additions	-	-	546,801	546,801
Amortisation charge	-	-	(309,064)	(309,064)
Closing net book value, September 30, 2012	-	-	1,135,599	1,135,599
Cost	-	-	3,538,122	3,538,122
Accumulated amortisation and impairment	-	-	(2,402,523)	(2,402,523)
Closing net book value	-	-	1,135,599	1,135,599

27. Intangible Assets (Continued)

	The Bank	
	Computer Software	
	2013	2012
	$'000	$'000
Net book value at beginning of year	1,092,379	840,319
Additions	622,388	529,239
Write-offs	(35,073)	-
Reclassifications and adjustments	(34,898)	-
Amortisation charge	(436,903)	(277,179)
Net book value at end of year	1,207,893	1,092,379

	2013	2012
	$'000	$'000
Cost	3,749,303	3,203,156
Accumulated amortisation	(2,541,410)	(2,110,777)
Net book value	1,207,893	1,092,379

Computer software for the Group and the Bank at year end include items with a cost of $504,556,000 (2012 – $512,874,000) on which no amortisation has yet been charged as these items are in the process of implementation.

28. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvements	Motor Vehicles Furniture & Equipment	Assets Capitalized Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At October 1, 2011	3,636,211	552,583	4,581,524	1,214,735	189,708	10,174,761
Additions	12,182	14,644	570,547	115,932	702,322	1,415,627
Disposals	-	-	(13,215)	(52,984)	-	(66,199)
Transfers	89,450	1,651	47,139	4,395	(142,635)	-
At September 30, 2012	3,737,843	568,878	5,185,995	1,282,078	749,395	11,524,189
Additions	52,721	612	455,099	204,071	335,730	1,048,233
On acquisition of subsidiary	482,900	-	340,434	-	-	823,334
Disposals	-	-	(10,171)	(283,877)	-	(294,048)
Transfers	495,109	2,309	212,514	-	(709,932)	-
Reclassifications and adjustments	-	-	584,839	(584,839)	34,898	34,898
At September 30, 2013	4,768,573	571,799	6,768,710	617,433	410,091	13,136,606
Accumulated Depreciation -						
At October 1, 2011	518,113	457,555	3,873,943	1,002,284	-	5,851,895
Charge for the year	51,766	24,392	321,528	105,762	-	503,448
Disposals	-	-	(13,312)	(49,640)	-	(62,952)
At September 30, 2012	569,879	481,947	4,182,159	1,058,406	-	6,292,391
Charge for the year	69,933	24,790	468,339	126,330	-	689,392
Disposals	-	-	(10,726)	(273,158)	-	(283,884)
Reclassifications and adjustments	-	-	584,839	(584,839)	-	-
At September 30, 2013	639,812	506,737	5,224,611	326,739	-	6,697,899
Net Book Value -						
September 30, 2013	4,128,761	65,062	1,544,099	290,694	410,091	6,438,707
September 30, 2012	3,167,964	86,931	1,003,836	223,672	749,395	5,231,798

28. Property, Plant and Equipment (Continued)

	The Bank					
	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles Furniture & Equipment $'000	Assets Capitalized Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -						
At October 1, 2011	3,636,211	475,390	4,492,420	1,208,850	185,347	9,998,218
Additions	12,182	11,062	564,525	115,932	702,322	1,406,023
Disposals	-	-	(5,970)	(52,984)	-	(58,954)
Transfers	89,450	1,651	47,139	4,395	(142,635)	-
At September 30, 2012	3,737,843	488,103	5,098,114	1,276,193	745,034	11,345,287
Additions	52,721	-	421,997	204,071	308,325	987,114
Disposals	-	-	(7,077)	(280,525)	-	(287,602)
Transfers	495,109	2,309	212,514	-	(709,932)	-
Reclassifications and adjustments	-	-	584,839	(584,839)	34,898	34,898
At September 30, 2013	4,285,673	490,412	6,310,387	614,900	378,325	12,079,697
Accumulated Depreciation -						
At October 1, 2011	518,113	401,711	3,778,547	999,334	-	5,697,705
Charge for the year	51,766	23,567	311,616	104,924	-	491,873
Disposals	-	-	(5,950)	(49,640)	-	(55,590)
At September 30, 2012	569,879	425,278	4,084,213	1,054,618	-	6,133,988
Charge for the year	66,469	22,625	443,432	125,632	-	658,158
Disposals	-	-	(7,034)	(269,806)	-	(276,840)
Reclassifications and adjustments	-	-	584,839	(584,839)	-	-
At September 30, 2013	636,348	447,903	5,105,450	325,605	-	6,515,306
Net Book Value -						
September 30, 2013	3,649,325	42,509	1,204,937	289,295	378,325	5,564,391
September 30, 2012	3,167,964	62,825	1,013,901	221,575	745,034	5,211,299

The carrying value of assets capitalized under finance leases and computer equipment pledged as collateral amounted to $289,295,000 (2012 – $496,016,000)

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 life insurance subsidiary, 33⅓% for the Bank and other “regulated companies”, 21% for the subsidiary incorporated in the United Kingdom and 25% for all other subsidiaries; with the exception of the subsidiaries incorporated in Cayman Islands and the NCB Employee Share Scheme which are not subject to income tax.

The net assets recognized in the statement of financial position were as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$’000	$’000	$’000	$’000
Deferred tax assets	(31,710)	(19,483)	-	-
Deferred tax liabilities	2,610,379	1,398,092	2,404,938	1,189,086
Net liability at end of year	2,578,669	1,378,609	2,404,938	1,189,086

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

	The Group		The Bank	
	2013	2012	2013	2012
	$’000	$’000	$’000	$’000
Net liability at beginning of year	1,378,609	2,361,491	1,189,086	1,087,982
Acquisition of subsidiary	(131,939)	-	-	-
Deferred tax charged in the income statement (Note 15)	1,318,361	183,985	1,134,063	400,226
Deferred tax charged/(credited) to other comprehensive income	13,638	(1,166,867)	81,789	(299,122)
Net liability at end of year	2,578,669	1,378,609	2,404,938	1,189,086

The amounts shown in the statement of financial position included the following:

	The Group		The Bank	
	2013	2012	2013	2012
	$’000	$’000	$’000	$’000
Deferred tax assets to be recovered after more than 12 months	(848,482)	(872,659)	(732,287)	(720,644)
Deferred tax liabilities to be settled after more than 12 months	1,406,747	1,185,200	1,355,753	1,180,103

29. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities, prior to offsetting of balances, were due to the following items:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	8,180	9,134	-	-
Investment securities at fair value through profit or loss	10,033	1,205	-	-
Investment securities classified as available-for-sale and loans and receivables	598,537	532,969	292,189	373,978
Pensions and other post-retirement benefits	407,716	270,598	338,818	270,598
Interest payable	211,540	229,186	-	-
Interest rate swap agreements	16,205	1,771	479	1,771
Other temporary differences	289,743	181,103	281,814	154,755
	1,541,954	1,225,966	913,300	801,102
Deferred income tax liabilities:				
Property, plant and equipment	239,363	41,757	96,948	41,030
Investment securities at fair value through profit or loss	-	11,796	-	-
Investment securities classified as available-for-sale and loans and receivables	5,642	100,052	-	-
Interest receivable	611,484	497,439	-	-
Unrealized foreign exchange gains	1,965,879	923,867	1,962,485	920,904
Loan loss provisions	1,258,805	1,026,595	1,258,805	1,026,595
Other temporary differences	39,450	3,069	-	1,659
	4,120,623	2,604,575	3,318,238	1,990,188
Net deferred tax liability	2,578,669	1,378,609	2,404,938	1,189,086

29. Deferred Income Taxes (Continued)

The amounts recognized in the income statement were due to the following items:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Property, plant and equipment	167,068	55,126	55,918	51,428
Investment securities at fair value through profit or loss	(20,623)	(255,045)	-	-
Loan loss provisions	211,931	(453,128)	232,210	(433,623)
Pensions and other post-retirement benefits	(68,220)	(23,681)	(68,220)	(76,434)
Interest receivable	93,031	(33,703)	-	-
Interest payable	17,646	33,052	-	-
Interest rate swap agreements	873	(825)	1,292	(112)
Unrealized foreign exchange gains and losses	1,041,744	877,448	1,041,581	874,985
Other temporary differences	(125,089)	(15,259)	(128,718)	(16,018)
	1,318,361	183,985	1,134,063	400,226

The amounts recognized in other comprehensive income were due to the following items:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Unrealized (losses)/gains on available-for-sale investments	(193,336)	(53,615)	(75,512)	22,856
Realized fair value losses/(gains) on sale and maturity of investments	206,974	(1,113,252)	157,301	(321,978)
	13,638	(1,166,867)	81,789	(299,122)

30. Other Assets

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions and payment systems providers	2,144,619	731,465	1,271,972	592,886
Prepayments	782,959	685,337	668,769	621,228
Recoverable expenses	355,970	759,058	355,970	759,058
Receivable in respect of called bond	701,997	-	-	-
Other	303,040	290,739	492,736	287,922
	4,288,585	2,466,599	2,789,447	2,261,094

31. Due to Other Banks

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Items in course of payment	2,105,026	1,708,311	2,077,671	1,707,365
Borrowings from other banks	15,192,957	7,520,874	19,189,773	9,910,381
Deposit from other banks	36,700	32,689	36,700	32,689
	17,334,683	9,261,874	21,304,144	11,650,435
Interest payable	75,517	63,023	126,173	66,390
	17,410,200	9,324,897	21,430,317	11,716,825

Items in the course of payment primarily represent cheques drawn by the Bank which have been accounted for as a deduction from its bank balances but which have not been presented on its bank accounts. These relate to accounts held at the Bank of Jamaica and with banks outside of Jamaica.

The amounts included as cash equivalents in the statement of cash flows were as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Total due to other banks	17,410,200	9,324,897	21,430,317	11,716,825
Less: amounts with original maturities of greater than 90 days	(11,619,782)	(6,305,918)	(15,915,082)	(6,449,526)
	5,790,418	3,018,979	5,515,235	5,267,299

32. Obligations under Securitization Arrangements

	The Group and The Bank	
	2013	2012
	$'000	$'000
Diversified payment rights		
Principal outstanding - US$100,000,000 (2012 – US$28,966,000)	10,323,490	2,598,806
Unamortized transaction fees	(250,659)	(11,045)
	10,072,831	2,587,761
Interest payable	28,201	5,440
	10,101,032	2,593,201

The current portion of obligations under securitization arrangements amounted to $716,434,000 (2012 – $1,521,410,000).

In March 2006, the Bank raised US$100 million in structured financing backed by the securitization of Diversified Payment Rights (DPR) arising under its existing and future US dollar Payment Advice and Payment Order (MT100 Series) and US dollar remittances. The Series 2006-1 Notes matured on March 15, 2013.

In July 2007, the Bank raised an additional US$50 million in financing backed by the securitization of its DPR with the issue of the Series 2007-1 Notes. The transaction was structured with an interest only period of one year and thereafter principal amortization on a straight line basis, beginning June 15, 2008 to final maturity on June 15, 2015. Interest is due and payable on a quarterly basis at a fixed rate of 7.435%.

On May 30, 2013, the Bank executed an Early Redemption of the Series 2007-1 Notes and subsequently issued US$100 million of Series 2013-1 Notes. The transaction was structured with an interest only period of eighteen months and thereafter quarterly principal amortization on a straight line basis, beginning September 15, 2014 to final maturity on March 15, 2018. Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 675 basis points beginning September 15, 2013.

33. Other Borrowed Funds

		The Group		The Bank	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
(a)	International Finance Corporation	364,358	474,992	364,358	474,992
(b)	Development Bank of Jamaica	2,174,636	1,114,172	2,174,636	1,114,172
(c)	Exim Bank Jamaica	57,870	123,964	57,870	123,964
(d)	European Investment Bank	78,345	109,777	78,345	109,777
(e)	Customer long-term investments	495,686	510,893	-	-
(f)	IBM Global Financing	-	94,660	-	94,660
(g)	Corporate notes	1,395,017	947,462	-	-
(h)	Finance lease obligations	303,838	230,347	303,838	228,204
		4,869,750	3,606,267	2,979,047	2,145,769
Unamortized transaction fees		(2,289)	(4,532)	(2,289)	(4,532)
Interest payable		33,131	18,277	8,492	12,275
		4,900,592	3,620,012	2,985,250	2,153,512

The current portion of other borrowed funds amounted to $1,567,844,000 (2012 – $1,059,311,000) for the Group and $368,755,000 (2012 – $704,476,000) for the Bank.

(a) In 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 June 15, 2015. Interest on the facility approximates three month US dollar LIBOR plus 275 basis points. A drawdown of US$15 million was made in September 2006. This long-term financing facility is being utilized by the Bank for general corporate purposes.

During the year, the Bank breached certain financial covenants in respect of this loan. While no formal waiver of the breach has been obtained, the lender has not indicated any intention to demand accelerated repayment of the loan.

(b) The loans from Development Bank of Jamaica are granted in both Jamaican and US dollars and are utilized by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. These loans are for terms up to 12 years and at rates ranging from 4 – 10%.

(c) The loans from Exim Bank Jamaica are granted in Jamaican dollars and are utilized by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. The loans are for terms up to 4 years and at rates of 8 – 13%.

(d) The loans from European Investment Bank are disbursed in EUR and USD and are utilized by the Bank for on-lending to customers. The loans are repayable in equal annual installments commencing on December 5, 2008 and ending on December 5, 2014. The average interest rate on the loans disbursed is approximately 7.99%.

(e) Customer long-term investments represent investments placed by customers for a minimum period of five (5) years. The investments are at variable interest rates and are not subject to withholding tax if held to maturity. They are repayable between 2011 and 2016 and attract interest at 0.05% - 5.8% (2012: 0.5% - 5.8%) per annum.

33. Other Borrowed Funds (continued)

(f) The Bank acquired computer equipment which was financed by IBM Global Financing. The loans were secured by a lien on the equipment and were repayable over 2 years at rates up to 3% per annum.

(g) Corporate notes are unsecured fixed rate notes issued in a combination of Jamaican dollars and United States dollars. The notes are repayable between 2012 and 2016 and attract interest at 7.15% in USD and 8.5% in JMD.

(h) The finance lease obligations are as follows:

	The Group		The Bank	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments under finance leases:				
Not later than 1 year	146,572	124,864	146,572	123,294
Later than 1 year and not later than 5 years	214,440	151,907	214,440	151,028
	361,012	276,771	361,012	274,322
Future finance charges	(57,174)	(46,424)	(57,174)	(46,118)
Present value of finance lease obligations	303,838	230,347	303,838	228,204

The present value of finance lease obligations is as follows:

	The Group		The Bank	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	113,533	97,120	113,533	95,964
Later than 1 year and not later than 5 years	190,305	133,227	190,305	132,240
	303,838	230,347	303,838	228,204

34. Liabilities under Annuity and Insurance Contracts

The Group's liabilities under annuity and insurance contracts arise from the operations of its life insurance subsidiary and its general insurance subsidiary.

The life insurance subsidiary issues life annuity and insurance contracts. These contracts insure human life events (for example, death or survival) over a long duration. Insurance premiums are recognized directly as liabilities and these liabilities are increased by credited interest.

The general insurance subsidiary issues property and casualty insurance contracts. Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Liabilities under Annuity and Insurance Contracts comprise the following:

	The Group	
	2013 $'000	2012 $'000
Liabilities under life insurance and annuity contracts	26,458,098	25,194,324
Liabilities under general insurance contracts	7,456,408	-
	33,914,506	25,194,324

Liabilities under Life Insurance and Annuity Contracts

	The Group	
	2013 $'000	2012 $'000
(a) Composition of liabilities under life insurance and annuity contracts:		
Life assurance fund	23,173,469	22,602,863
Risk reserve	3,200,039	2,497,828
Benefits and claims payable	38,769	50,279
Unprocessed premiums	45,821	43,354
	26,458,098	25,194,324

34. Liabilities under Annuity and Insurance Contracts

Liabilities under Life Insurance and Annuity Contracts (Continued)

	The Group	
	2013	**2012**
	$'000	**$'000**
(b) Change in policyholders' liabilities:		
Life assurance fund:		
At the beginning of the year	22,602,863	21,990,358
Gross premiums	3,247,817	2,977,622
Premium refunds	(804)	(3,028)
Mortality charges transferred to the income statement	(41,802)	(39,353)
Fees transferred to the income statement	(236,415)	(222,297)
Claims and benefits	(3,395,071)	(3,151,421)
Interest credited	996,881	1,050,982
At the end of the year	23,173,469	22,602,863
Risk reserve:		
At the beginning of the year	2,497,828	1,531,406
Issue of new contracts	369,854	541,482
Normal changes	398,445	392,044
Effect of change in assumptions:		
Base renewal expense levels	(338,559)	(106,193)
Investment returns	229,934	93,686
Lapse and surrender rates	21,733	79,496
Mortality rates	20,804	(34,093)
At the end of the year	3,200,039	2,497,828
Benefits and claims payable:		
At the beginning of the year	50,279	15,556
Policyholders' claims and benefits	112,776	95,520
Benefits and claims paid	(124,286)	(60,797)
At the end of the year	38,769	50,279
Premiums:		
Unprocessed, at the beginning of the year	43,354	26,955
Premiums received	4,825,558	4,654,899
Premiums applied	(4,823,091)	(4,638,500)
Unprocessed, at the end of the year	45,821	43,354

34. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (Continued)

The movement in the risk reserve per type of contract was as follows:

	2013			
	Annuity	Individual life	Group life	Total
	$'000	$'000	$'000	$'000
Balance brought forward	3,710,341	(1,511,213)	298,700	2,497,828
Changes in assumptions:				
Investment returns	168,538	52,300	9,096	229,934
Base renewal expense levels and inflation	(72)	(338,264)	(223)	(338,559)
Lapse and surrender rates	-	21,733	-	21,733
Mortality rates	-	33,511	(12,707)	20,804
	168,466	(230,720)	(3,834)	(66,088)
Issue of new policies	321,555	(182,430)	230,729	369,854
Normal changes	266,352	254,725	(122,632)	398,445
Net change	756,373	(158,425)	104,263	702,211
	4,466,714	(1,669,638)	402,963	3,200,039

	2012			
	Annuity	Individual life	Group life	Total
	$'000	$'000	$'000	$'000
Balance brought forward	2,913,172	(1,579,013)	197,247	1,531,406
Changes in assumptions:				
Investment returns	(9,474)	103,196	(36)	93,686
Base renewal expense levels and inflation	813	(113,042)	6,036	(106,193)
Lapse and surrender rates	-	79,496	-	79,496
Mortality rates	54,064	(84,169)	(3,988)	(34,093)
	45,503	(14,519)	2,012	32,896
Issue of new policies	500,118	(146,633)	187,997	541,482
Normal changes	251,648	228,952	(88,556)	392,044
Net change	797,169	67,800	101,453	966,422
	3,710,341	(1,511,213)	298,700	2,497,828

34. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (Continued)

The Group's life insurance subsidiary holds assets that match insurance liabilities. These assets comprise mainly investment securities, which are classified as available-for-sale and loans and receivables, and reverse repurchase agreements.

The assets supporting policyholders' and other liabilities were as follows:

	2013			
	Annuity Contracts	**Individual and Group Life Insurance Contracts**	**Other Liabilities, Surplus and Capital**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	4,069,008	29,026,498	1,038,074	34,133,580
Reverse repurchase agreements	132,566	572,971	479	706,016
Other assets	261,179	1,081,253	161,446	1,503,878
Property, plant and equipment	-	-	11,551	11,551
Intangible asset – computer software	-	-	55,416	55,416
	4,462,753	30,680,722	1,266,966	36,410,441

	2012			
	Annuity Contracts	**Individual and Group Life Insurance Contracts**	**Other Liabilities, Surplus and Capital**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	3,980,437	27,626,158	1,466,033	33,072,628
Reverse repurchase agreements	142,294	120,845	479	263,618
Other assets	231,457	547,042	241,590	1,020,089
Property, plant and equipment	-	-	10,633	10,633
Intangible asset – computer software	-	-	26,562	26,562
	4,354,188	28,294,045	1,745,297	34,393,530

[expressed in Jamaican dollars unless otherwise indicated]

34. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (Continued)
Policy assumptions
For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity
Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiary is exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics such as AIDS and wide ranging lifestyle changes, such as in eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the company has significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiary's own experience.

Investment yields
The Group's life insurance subsidiary matches assets and liabilities. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's life insurance subsidiary's investment policy to determine expected rates of return on these assets for all future years. Investment yields include expected future asset defaults. For the current valuation these are:

	Individual with Investment Options	**Individual & Group Life**	**Annuities**
Year 1	7.7%	9.5 – 10.0%	12.9%
Year 2 – 10	Decreasing to 6.8%	Decreasing to 7.6 – 9.4%%	-
Year 11 – 32	Decreasing to 5.0%	Decreasing to 5.5 – 8.3%	-
Year 33 onwards	5.0%	5.5-6.0%	-
Year 30 onwards	-	-	7.5%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

34. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (Continued)
Policy assumptions (continued)
Persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's insurance subsidiary's own experience adjusted for expected future conditions. A statistical study of the past two years is performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Renewal expenses and inflation
Policy maintenance expenses are derived from the Group's life insurance subsidiary's own internal cost studies projected into the future with an allowance for inflation as shown below:

Year 1	6.2%
Year 2 – 10	Decreasing to 5.4%
Year 11 – 25	Decreasing to 4.0%
Year 25 onwards	4.0%

Taxation
It is assumed that current tax legislation and rates continue unaltered.

Provisions for adverse deviations
The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the Appointed Actuary is required to include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognized on inception of the policy. The Appointed Actuary uses assumptions which are considered conservative, taking into account the risk profiles of the policies written.

Sensitivity analysis
The following table represents the sensitivity of the value of the policyholders' liabilities under life insurance contracts disclosed in this note to certain movements in the valuation assumptions used.

	Change in Variable	**Increase in Liability**	
		2013	**2012**
	%	**$'000**	**$'000**
Lowering of investment returns	1	1,350,023	1,130,182
Worsening of base renewal expense levels	10	221,820	210,318
Worsening of mortality	10	111,964	102,763
Worsening of lapse and surrender rates	10	29,375	19,665

34. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under General Insurance Contracts

	The Group 2013 $'000	2012 $'000
Gross:		
Claims outstanding	4,998,393	-
Unearned premiums	2,458,015	-
	7,456,408	-
Reinsurance ceded		
Claims outstanding	(134,019)	-
Unearned premiums	(156,734)	-
	(290,753)	-
Net:		
Claims outstanding	4,864,374	-
Unearned premiums	2,301,281	-
	7,165,655	-

The movement in and composition of claims outstanding was as follows:

	2013			2012		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Notified claims	3,475,465	(137,859)	3,337,606	-	-	-
Claims incurred but not reported	901,980	(27,902)	874,078	-	-	-
Balance at acquisition	4,377,445	(165,761)	4,211,684	-	-	-
Claims incurred	2,424,988	(7,283)	2,417,705	-	-	-
Claims paid during the year	(1,804,840)	39,025	(1,765,015)	-	-	-
Balance at end of year	4,998,393	(134,019)	4,864,374	-	-	-
Comprising:						
Notified claims	3,983,510	(129,676)	3,853,834	-	-	-
Claims incurred but not reported	1,014,883	(4,343)	1,010,540	-	-	-
	4,998,393	(134,019)	4,864,374	-	-	-

34. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under General Insurance Contracts (Continued)

The policy and claims liabilities were determined in accordance with accepted actuarial principles and as directed by the Financial Services Commission.

In determining the valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

The movement in and composition of unearned premiums was as follows:

	2013			2012		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at acquisition	2,434,075	(98,709)	2,335,366	-	-	-
Premiums written during the year	3,669,788	(288,338)	3,381,450	-	-	-
Premiums earned during the year	(3,645,848)	230,313	(3,415,535)	-	-	-
Balance at end of year	2,458,015	(156,734)	2,301,281	-	-	-
Comprising, by type of business:						
Liability insurance contracts	9,655	(566)	9,089	-	-	-
Motor insurance contracts	2,273,251	(16)	2,273,235	-	-	-
Pecuniary loss insurance contracts	-	-	-	-	-	-
Property insurance contracts	175,109	(156,152)	18,957	-	-	-
	2,458,015	(156,734)	2,301,281	-	-	-

35. Provision for Litigation

	The Group and The Bank	
	2013	2012
	$'000	$'000
At beginning of year	17,300	13,000
Provided during the year	1,000	9,977
Utilized/reversed during the year	(6,800)	(5,677)
At end of year	11,500	17,300

The litigation provision is in relation to claims against the Group which meet the provisioning criteria defined in Note 51. The provisions are either utilised or reversed upon settlement or a favourable change in the status of the claim.

36. Post-employment Benefits

Liabilities recognized in the statement of financial position were as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Pension schemes	92,540	-	-	-
Other post-employment benefits	1,016,453	810,276	1,016,453	810,276
	1,108,993	810,276	1,016,453	810,276

The amounts recognized in the income statement were as follows:

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Pension schemes	31,243	-	-	-
Other post-employment benefits	235,380	254,362	235,380	254,362
	266,623	254,362	235,380	254,362

36. Post-employment Benefits (Continued)

(a) Pension schemes

The Bank and its subsidiaries have established pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds.

The amounts recognized in the statement of financial position in respect of defined benefit pension schemes were determined as follows:

	2013		2012	
	The Bank	Other	The Bank	Other
	$'000	$'000	$'000	$'000
Present value of funded obligations	13,242,453	613,540	13,591,107	34,135
Fair value of plan assets	(18,093,862)	(522,644)	(17,165,748)	(34,135)
	(4,851,409)	90,896	(3,574,641)	-
Unrecognized actuarial (losses)/gains	(2,654,698)	1,644	(3,933,753)	(14,249)
Net pension (assets)/liabilities	(7,506,107)	92,540	(7,508,394)	(14,249)
Limitation on pension assets	7,506,107	-	7,508,394	14,249
	-	92,540	-	-

The Bank's defined benefit pension scheme

This scheme was closed to new members effective October 1, 1999. On the winding up of the scheme, the employer would not benefit from any surplus; as a consequence there is no pension asset recognized in the statement of financial position since the closure. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution. The scheme is valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at June 30, 2013.

Other defined benefit pension schemes

The amounts as at September 30, 2012 are in respect of the NCB Capital Markets Limited (NCBCM) defined benefit pension scheme. This scheme was closed to new members effective December 31, 2009 and was wound up during the year. No pension asset had been recognized in the statement of financial position since the closure as, on the winding up of the scheme, the employer would not benefit from any surplus. No additional current service cost had been incurred since closure of the scheme and the employer only made a nominal contribution.

The amounts as at September 30, 2013 are in respect of the Advantage General Insurance Company Limited (AGI) defined benefit pension scheme. AGI was acquired during the year (Note 47). The scheme is valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at August 31, 2013.

36. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The movement in the defined benefit obligation was as follows:

	2013		2012	
	The Bank	Other	The Bank	Other
	$'000	$'000	$'000	$'000
Beginning of year	13,591,107	34,135	12,315,129	31,953
Settlement	-	(34,135)	-	-
On acquisition of subsidiary	-	566,560	-	-
Current service cost	-	40,728	-	-
Interest cost	1,321,008	44,633	1,256,226	-
Actuarial losses	(907,611)	(17,871)	721,896	2,182
Benefits paid	(762,051)	(20,510)	(702,144)	-
End of year	13,242,453	613,540	13,591,107	34,135

The movement in the fair value of plan assets was as follows:

	2013		2012	
	The Bank	Other	The Bank	Other
	$'000	$'000	$'000	$'000
Beginning of year	17,165,748	34,135	17,701,775	31,953
Settlement	-	(34,135)	-	-
On acquisition of subsidiary	-	474,021	-	-
Expected return on plan assets	1,594,549	31,601	1,735,070	-
Actuarial gains/(losses)	95,616	(5,878)	(1,568,953)	2,182
Contributions	-	43,410	-	-
Benefits paid	(762,051)	(20,510)	(702,144)	-
End of year	18,093,862	522,644	17,165,748	34,135

The amounts recognized in the income statement were as follows:

	2013		2012	
	The Bank	Other	The Bank	Other
	$'000	$'000	$'000	$'000
Current service cost	-	18,211	-	-
Interest cost	1,321,008	44,633	1,256,226	-
Expected return on plan assets	(1,594,549)	(31,601)	(1,735,070)	-
Net actuarial losses recognized	275,828	-	-	-
Change in limitation on asset	(2,287)	-	478,844	-
Total, included in staff costs	-	31,243	-	-

36. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets for the Bank's defined benefit pension scheme were comprised as follows:

	2013		2012	
	$'000	%	$'000	%
Debt securities	10,177,407	56.25%	8,575,002	49.95%
Equity securities	4,504,160	24.89%	4,861,072	28.32%
Other	3,412,295	18.86%	3,729,674	21.73%
	18,093,862	100.00%	17,165,748	100.00%

These plan assets included:

- Ordinary stock units of the Bank with a fair value of $1,196,794,000 (2012 – $1,499,143,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $927,829,000 (2012 – $114,223,000).
- Properties occupied by the Group with a fair value of $621,000,000 (2012 - $482,350,000).

The plan assets for NCBCM's defined benefit pension scheme were invested in the Guardian Life Deposit Administration Fund.

Plan assets for AGI's defined benefit pension scheme were comprised as follows:

	2013	
	$'000	%
Debt securities	412,526	78.93%
Equity securities	65,906	12.61%
Other	44,212	8.46%
	522,644	100.00%

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

The actual return on plan assets for the year ended September 30, 2013 was $1,690,165,000 (2012 – $166,117,000) for the Bank's defined benefit pension scheme, $Nil (2012 – $2,182,000) for NCBCM's defined benefit pension scheme and $25,723,000 for AGI's defined benefit pension scheme.

Expected contributions to the Bank's and AGI's defined benefit pension schemes for the year ending September 30, 2014 are $Nil and $26,480,000, respectively.

36. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The principal actuarial assumptions used were as follows:

	2013		2012	
	The Bank	Other	The Bank	Other
Discount rate	9.50%	9.50%	10.00%	10.00%
Expected return on plan assets	8.50%	8.50%	9.50%	9.50%
Future salary increases	6.00%	7.00%	7.50%	7.50%
Future pension increases	4.00%	2.50%	5.00%	5.00%
Future remaining working life (years)	8	23	9	

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality tables (GAM (94) (U.S. mortality tables) with no age setback.

The five-year trend for the fair value of plan assets, the defined benefit obligations, the surplus in the pension plan, and experience adjustments for plan assets and liabilities were as follows:

	The Bank's defined benefit pension scheme				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Fair value of plan assets	18,093,862	17,165,748	17,701,775	16,279,564	14,257,355
Defined benefit obligation	13,242,453	13,591,107	12,315,129	9,780,228	5,858,847
Surplus	4,851,409	3,574,641	5,386,646	6,499,336	8,398,508
Experience adjustments –					
Fair value of plan assets	(23,004)	(1,568,953)	513,728	1,038,020	(1,391,401)
Defined benefit obligation	(97,633)	(506,588)	874,486	3,674	420,751

	AGI's defined benefit pension scheme				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Fair value of plan assets	522,644	474,021	445,741	356,489	262,969
Defined benefit obligation	613,540	566,560	482,198	344,190	207,891
(Deficit)/surplus	(90,896)	(92,539)	(36,457)	12,299	55,078
Experience adjustments –					
Fair value of plan assets	(5,878)	(43,684)	25,012	31,395	2,178
Defined benefit obligation	(20,240)	(4,785)	52,581	(32,540)	(22,409)

36. Post-employment Benefits (Continued)

(b) Other post-employment benefits

In addition to pension benefits, the Group offers 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 1.5 percentage points above CPI per year (2012 – 1.5 percentage points above CPI).

The amounts recognized in the statement of financial position were determined as follows:

	The Group and The Bank	
	2013	2012
	$'000	$'000
Present value of unfunded obligations	1,702,720	1,481,329
Unrecognized actuarial losses	(686,267)	(671,053)
Liability in the statement of financial position	1,016,453	810,276

The movement in the defined benefit obligation was as follows:

	The Group and The Bank	
	2013	2012
	$'000	$'000
Beginning of the year	1,481,329	1,463,255
Current service cost	36,738	50,019
Interest cost	150,347	157,498
Actuarial losses/(gains)	63,510	(162,866)
Benefits paid	(29,204)	(26,577)
End of year	1,702,720	1,481,329

The amounts recognized in the income statement were as follows:

	The Group and The Bank	
	2013	2012
	$'000	$'000
Current service cost	36,738	50,019
Interest cost	150,347	157,498
Actuarial losses recognized	48,295	46,845
Total, included in staff costs (Note 11)	235,380	254,362

36. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

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

	Increase 2013 $000	Decrease 2013 $000
Effect on the aggregate of the current service cost and interest cost	37,890	29,800
Effect on the defined benefit obligation	273,780	217,770

The five-year trend for the defined benefit obligation and experience adjustments were as follows:

	Other retirement benefits – The Group and The Bank				
	2013	2012	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	1,702,720	1,481,329	1,463,255	883,257	403,707
Experience adjustments –					
Defined benefit obligation	212,233	(71,425)	(100,017)	78,431	77,796

37. Other Liabilities

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Accrued staff benefits	1,714,276	957,116	1,633,288	844,162
Due to customers, merchants and clients	1,943,738	1,421,937	1,594,144	1,280,615
Accrued other operating expenses	2,724,330	1,923,583	1,730,149	1,390,716
Due to Government of Jamaica	75,169	29,737	27,484	24,938
Other	320,579	433,702	515,544	365,530
	6,778,092	4,766,075	5,500,609	3,905,961

38. Share Capital

	2013 $'000	2012 $'000
Authorised – 5,750,000,000 ordinary shares		
Issued and fully paid up –		
2,466,762,828 ordinary stock units of no par value	6,465,731	6,465,731
5,293,916 ordinary stock units held by NCB Employee Share Scheme	(3,388)	(3,388)
Issued and outstanding	6,462,343	6,462,343

The NCB Employee Share Scheme was established in 1986 to acquire certain shares of NCB Group Limited, the then holding company for the Group, for the beneficial interest of eligible employees. The scheme holds 5.3 million units of the Bank's ordinary stock that have not been reissued to staff and are accounted for as treasury shares. The scheme, which is included in the consolidated financial statements, is currently dormant.

39. Fair Value and Capital Reserves

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fair value reserve	(759,431)	(700,821)	(461,839)	(773,027)
Capital reserve	3,249,991	2,895,000	374,471	374,471
	2,490,560	2,194,179	(87,368)	(398,556)
Capital reserve comprises:				
Realized –				
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 capitalized	98,167	98,167	-	-
Share redemption reserve	1,077,382	1,077,382	-	-
Unrealized –				
Translation reserve	1,048,769	680,338	-	-
Surplus on revaluation of property, plant and equipment	142,963	142,963	73,907	73,907
Share of movement in reserves of associate	334,935	348,375	-	-
Other	454,784	454,784	-	-
	3,249,991	2,895,000	374,471	374,471

40. 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).

41. 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. During the 2012 financial year, the amount of the fund surpassed the paid-up capital of the Bank and therefore no further mandatory transfers are required.

42. Retained Earnings Reserve

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.

43. Cash Flows from Operating Activities

	Note	The Group		The Bank	
		2013	Restated 2012	2013	Restated 2012
		$'000	$'000	$'000	$'000
Net profit		8,549,831	10,045,862	4,611,195	6,534,156
Adjustments to reconcile net profit to net cash flow provided by operating activities:					
Depreciation	28	689,392	503,448	658,158	491,873
Amortisation of intangible asset	27	520,579	309,064	436,903	277,179
Impairment losses on securities	12	87,136	467,778	-	-
Share of after tax profits of associate	25	(861,178)	(947,141)	-	-
Loss on dilution of associates	25	-	11,948	-	-
Provision for credit losses	22	2,066,260	2,462,811	2,066,260	2,462,811
Interest income	6	(32,810,385)	(30,475,968)	(22,911,521)	(20,515,000)
Interest expense	6	9,251,399	8,691,878	5,086,566	4,261,224
Income tax expense	15	2,457,737	3,156,789	982,378	1,511,656
Unrealized exchange losses on securitization arrangements		639,654	214,717	639,654	214,717
Amortisation of upfront fees on securitization arrangements		17,890	29,507	17,890	29,507
Unrealized exchange losses on other borrowed funds		164,892	25,936	133,346	25,936
Amortization of upfront fees on other borrowed funds		(3,354)	3,480	(3,354)	3,480
Change in post-employment benefit obligation		206,177	227,785	206,177	227,785
Unrealized exchange gain on investments		(1,447,471)	(997,468)	(905,887)	(917,978)
Loss/(gains) on disposal of property, plant and equipment and intangible asset		940	(1,027)	1,178	(910)
Fair value gains on investment property		-	(500)	-	-
Fair value losses on derivative financial instruments		58,897	334	58,897	334
Changes in operating assets and liabilities:					
Statutory reserves at Bank of Jamaica		(2,664,254)	(1,659,269)	(2,664,254)	(1,659,269)
Pledged assets included in due from other banks		(215,316)	(52,282)	(168,241)	(52,282)
Restricted cash included in due from other banks		458,788	(3,353)	458,788	(3,353)
Reverse repurchase agreements		8,400	1,267,528	(339,836)	(10,799)
Loans and advances		(31,491,220)	(22,263,528)	(31,527,953)	(21,854,118)
Customer deposits		15,675,263	7,117,387	18,546,685	4,766,430
Repurchase agreements		15,514,478	17,658,854	2,510,254	19,097,900
Liabilities under annuity and insurance contracts		1,944,662	1,630,049	-	-
Other		398,346	(159,745)	1,000,518	(955,103)
		(19,332,288)	(12,780,988)	(25,717,394)	(12,597,980)
Interest received		32,343,998	29,886,141	22,956,197	20,050,938
Interest paid		(9,423,414)	(8,567,607)	(5,239,957)	(4,151,962)
Income tax paid		(2,346,404)	(2,459,004)	(707,782)	(883,424)
		1,241,892	6,078,542	(8,708,936)	2,417,572
Net cash provided by/(used in) operating activities		9,791,723	16,124,404	(4,097,741)	8,951,728

44. 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							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and advances								
Balance at September 30	15,918	7,197	-	-	124,327	103,452	1,819,540	32,244
Interest income earned	673	1,346	-	-	5,461	4,266	84,771	17,245
Investment securities								
Balance at September 30	-	181,856	-	-	-	-	-	-
Interest income earned	-	17,030	-	-	-	-	-	-
Reverse repurchase agreements								
Balance at September 30	-	1,828	6,371	-	-	-	-	-
Interest income earned	-	60,882	104,994	6,528	-	-	-	-
Other assets								
Balance at September 30	9,343	10,801	-	-	-	-	-	50,369
Fees and commission income	3,988	66,742	20,740	16,976	921	182	12,968	7,320
Other operating income	5,921	8,494	-	-	241	244	306,251	239,653

44. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Customer deposits								
Balance at September 30	43,304	331,612	1,172,629	1,116,145	224,573	646,749	937,225	806,267
Interest expense	1,222	1,062	4,374	5,188	1,038	821	11,321	13,322
Repurchase agreements								
Balance at September 30	-	73,719	1,016,795	2,931,342	708,890	575,336	-	-
Interest expense	-	-	89,690	21,341	15,288	-	-	-
Other liabilities								
Balance at September 30	9,052	22,171	-	5,173	20,609	45,139	22,884	-
Operating expenses	88,985	298,693	-	-	45,099	67,430	82,046	57,901

44. Related Party Transactions and Balances (Continued)

	The Bank							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and advances								
Balance at September 30	16,060	7,197	-	-	124,327	103,452	1,819,540	32,244
Interest income earned	673	1,346	-	-	5,461	4,266	84,771	17,245
Reverse repurchase agreements								
Balance at September 30	646,834	560,501	-	-	-	-	-	-
Interest income earned	55,452	32,960	1,757	6,528	-	-	-	-
Other assets								
Balance at September 30	76,017	44,270	-	-	-	-	-	-
Fees and commission income	73,042	94,297	20,740	16,976	680	63	9,230	7,320
Dividend income	2,015,277	2,113,999	179,949	142,071	-	-	-	-
Other operating income	26,521	5,194	-	-	-	-	-	-

44. Related Party Transactions and Balances (Continued)

	The Bank (Continued)							
	Parent, subsidiaries and companies controlled by major shareholder		Associated companies of the group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Customer deposits								
Balance at September 30	1,094,675	2,367,275	1,172,629	1,116,145	131,645	61,474	936,325	806,267
Interest expense	6,451	239,987	4,374	5,188	1,038	821	11,321	13,322
Repurchase agreements								
Balance at September 30	11,477,528	8,584,569	155,048	2,931,342	-	-	-	-
Interest expense	428,266	220,016	67,240	18,127	-	-	-	-
Due to other banks								
Balance at September 30	10,378,787	2,389,452	-	-	-	-	-	-
Interest expense	119,357	3,367	-	-	-	-	-	-
Other liabilities								
Balance at September 30	22,254	219,652	-	5,173	-	-	-	-
Operating Expenses	400,848	402,572	-	-	8,158	8,038	82,046	57,901

44. Related Party Transactions and Balances (Continued)

	The Group		The Bank	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Key management compensation:				
Salaries and other short-term benefits	518,179	641,867	471,212	569,954
Post-employment benefits	26,805	22,100	25,405	20,698
	544,984	663,967	496,617	590,652
Directors' emoluments:				
Fees	22,347	22,583	7,872	8,437
Management remuneration	210,129	232,094	210,129	232,094

In February 2013, NCB Capital Markets Limited acquired 96.24% of the issued share capital of Advantage General Insurance Company Limited from AIC (Barbados) Limited and ACF Holdings Insurco Limited. Both AIC (Barbados) Limited and ACF Holdings Insurco Limited are ultimately controlled by the Chairman of the Bank.

45. 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 organization 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, The Board committees and relevant management committees 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.

45. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterize 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 and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures
Rigorous policies and operational procedures are established throughout the organization 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 and/or the Board of Directors.

(a) Credit risk
This is defined as potential for loss to the organization 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 authorizations for transactions that expose the organization 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 statement of financial position.

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.

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.

The Group employs the following classifications in assessing its exposures to its borrowing customers. The classifications are in line with the BOJ regulations and are as follows:

Standard
Special Mention
Sub-Standard
Doubtful
Loss

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

45. 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 may also obtain 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:

Sub-standard, 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

Individually 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 include:

(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 where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

45. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

The Group

	2013		2012	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	126,500,176	1,109,601	90,180,190	933,888
Special Mention	8,517,638	43,082	8,515,221	48,073
Sub-Standard	2,339,732	281,213	9,330,252	240,258
Doubtful	1,033,170	651,141	720,546	365,146
Loss	5,292,052	1,141,507	7,051,206	3,178,786
	143,682,768	3,226,544	115,797,415	4,766,151

The Bank

	2013		2012	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	125,951,909	1,109,601	89,511,300	933,888
Special Mention	8,403,254	43,082	8,474,074	48,073
Sub-Standard	2,334,157	281,213	9,330,252	240,258
Doubtful	1,028,215	645,689	695,883	365,146
Loss	5,256,745	1,141,507	7,041,399	3,174,048
	142,974,280	3,221,092	115,052,908	4,761,413

45. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Bank	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unimpaired	137,988,143	108,829,832	137,314,961	108,095,132
Impaired	5,694,625	6,967,583	5,659,319	6,957,776
Gross	143,682,768	115,797,415	142,974,280	115,052,908
Less: provision for credit losses	(3,226,544)	(4,766,151)	(3,221,092)	(4,761,413)
Net	140,456,224	111,031,264	139,753,188	110,291,495

The ageing analysis of past due but not impaired loans was as follows:

	The Group		The Bank	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Less than 30 days	22,780,822	20,496,931	22,780,822	20,496,931
31 to 60 days	6,930,687	7,170,895	6,930,687	7,170,895
61 to 90 days	2,711,520	2,142,596	2,711,520	2,142,596
Greater than 90 days	2,248,809	1,645,778	2,248,809	1,621,114
	34,671,838	31,456,200	34,671,838	31,431,536

Of the aggregate amount of gross past due but not impaired loans, $25,541,157,000 was secured as at September 30, 2013 (2012 – $23,328,408,000).

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.

45. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group take its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, as defined in paragraph 59(c) of IAS 39, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

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

	The Group		The Bank	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on-balance sheet assets:				
Balances with Bank of Jamaica	21,338,856	21,454,016	21,332,716	21,452,267
Due from other banks	20,658,528	14,927,069	20,070,799	14,438,606
Derivative financial instruments	387,304	4,978	387,304	4,978
Investment securities at fair value through profit or loss	237,313	437,934	-	-
Reverse repurchase agreements	328,105	408,294	760,724	565,719
Loans and advances, net of provision for credit losses	141,150,312	111,904,854	140,443,240	111,164,129
Investment securities classified as available-for-sale and loans and receivables	233,158,021	208,145,899	92,209,316	85,798,101
Customers' liability – letters of credit and undertaking	1,479,108	530,719	1,479,108	530,719
	418,737,547	357,813,763	276,683,207	233,954,519
Credit risk exposures relating to off-balance sheet items:				
Credit commitments	24,656,601	22,793,994	24,656,601	22,793,994
Acceptances, guarantees and indemnities	4,828,252	4,180,315	3,314,860	4,002,766
	29,484,853	26,974,309	27,971,461	26,796,760

45. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica. The following table summarizes the credit exposure for loans at their carrying amounts, as categorized by the industry sectors:

	The Group		The Bank	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Agriculture	2,113,374	2,831,323	2,113,374	2,831,323
Central Government	5,270,831	2,634,595	5,270,831	2,634,595
Construction and Land Development	13,872,394	13,328,422	13,872,394	13,328,422
Other Financial Institutions	1,448,332	88,234	1,448,332	88,234
Distribution	15,507,511	13,497,719	15,507,511	13,497,719
Electricity, Water & Gas	3,559,186	316,074	3,559,186	316,074
Entertainment	1,401,039	243,110	1,401,039	243,110
Manufacturing	4,048,451	2,195,724	4,048,451	2,195,724
Mining and Processing	345,693	215,622	345,693	215,622
Personal	65,254,160	51,405,221	64,545,726	50,660,714
Professional and Other Services	6,447,623	4,424,581	6,447,623	4,424,581
Tourism	15,398,266	15,714,734	15,398,266	15,714,734
Transportation Storage and Communication	2,687,317	2,269,208	2,687,317	2,269,208
Overseas Residents	6,328,591	6,632,848	6,328,537	6,632,848
Total	143,682,768	115,797,415	142,974,280	115,052,908
Total provision	(3,226,544)	(4,766,151)	(3,221,092)	(4,761,413)
	140,456,224	111,031,264	139,753,188	110,291,495
Interest receivable	694,088	873,590	690,052	872,634
Net	141,150,312	111,904,854	140,443,240	111,164,129

(ii) Debt securities

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

	The Group		The Bank	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Government of Jamaica and Bank of Jamaica	196,232,896	171,152,506	84,025,795	73,423,250
Government of Jamaica guaranteed corporate bonds	18,062,391	21,773,021	2,002,653	6,458,745
Other corporate bonds	12,238,884	10,838,958	3,425,479	3,764,679
Foreign governments	3,144,605	1,743,826	1,408,140	941,657
	229,678,776	205,508,311	90,862,067	84,588,331
Interest receivable	3,716,558	3,075,522	1,347,249	1,209,770
	233,395,334	208,583,833	92,209,316	85,798,101

45. 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 a sufficient level of liquid assets available in addition to stable funding lines to meet on-going cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each group company;

(iii) Use of tools to measure the organization'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.

45. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets and liabilities based on the remaining period.

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2013:						
Due to other banks	4,018,890	7,740,808	4,318,641	763,560	1,698,120	18,540,019
Customer deposits	150,648,471	12,451,410	11,928,354	3,765,224	-	178,793,459
Repurchase agreements	48,116,702	41,305,324	23,708,344	5,711,213	8,405	118,849,988
Obligations under securitization arrangements	-	183,312	549,935	12,889,853	-	13,623,100
Other borrowed funds	125,691	1,042,061	624,274	3,442,705	1,212,677	6,447,408
Liabilities under annuity and insurance contracts	4,370,009	964,867	7,020,034	18,485,791	57,041,802	87,882,503
Other	5,202,756	1,306,134	292,234	17,100	98,097	6,916,321
Total financial liabilities (contractual maturity dates)	212,482,519	64,993,916	48,441,816	45,075,446	60,059,101	431,052,798
Total financial liabilities (expected maturity dates)	48,631,983	26,782,184	25,454,370	149,855,919	180,328,342	431,052,798
Total financial assets (expected maturity dates)	42,751,571	14,118,434	51,089,966	207,965,777	283,527,211	599,452,959

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2012:						
Due to other banks	2,652,733	5,014,518	482,476	521,926	1,625,256	10,296,909
Customer deposits	136,972,132	9,366,134	16,798,276	411,368	-	163,547,910
Repurchase agreements	48,002,036	36,311,425	18,368,132	44,270	6,149	102,732,012
Obligations under securitization arrangements	-	641,369	1,008,967	1,306,344	-	2,956,680
Other borrowed funds	153,118	483,247	667,233	2,701,273	387,544	4,392,415
Liabilities under annuity and insurance contracts	362,213	799,721	3,630,389	17,861,694	52,056,672	74,710,689
Other	2,854,698	1,713,865	223,170	149	125,194	4,917,076
Total financial liabilities (contractual maturity dates)	190,996,930	54,330,279	41,178,643	22,847,024	54,200,815	363,553,691
Total financial liabilities (expected maturity dates)	42,286,432	21,706,007	22,820,941	115,797,616	160,942,695	363,553,691
Total financial assets (expected maturity dates)	38,784,270	8,258,414	51,220,815	207,776,339	201,133,860	507,173,698

45. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2013:						
Due to other banks	6,060,044	9,288,919	4,721,847	763,560	1,698,120	22,532,490
Customer deposits	157,104,452	12,172,097	10,082,924	12,170	-	179,371,643
Repurchase agreements	11,491,779	7,256,082	6,898,152	5,513,646	-	31,159,659
Obligations under securitization arrangements	-	183,312	549,935	12,889,853	-	13,623,100
Other borrowed funds	35,193	127,003	412,211	2,185,136	1,212,677	3,972,220
Other	4,102,485	1,131,295	292,234	17,100	98,097	5,641,211
Total financial liabilities (contractual maturity dates)	178,793,953	30,158,708	22,957,303	21,381,465	3,008,894	256,300,323
Total financial liabilities (expected maturity dates)	48,110,750	21,745,660	17,139,563	46,017,810	123,286,540	256,300,323
Total financial assets (expected maturity dates)	40,429,581	8,979,892	29,330,081	131,221,321	157,737,853	367,698,728

	The Bank					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2012:						
Due to other banks	5,045,607	5,014,518	482,476	521,926	1,625,256	12,689,783
Customer deposits	137,191,287	8,089,605	16,147,680	23,072	-	161,451,644
Repurchase agreements	16,630,388	5,443,245	5,933,959	-	-	28,007,592
Obligations under securitization arrangements	-	641,369	1,008,967	1,306,344	-	2,956,680
Other borrowed funds	35,248	245,838	500,069	1,440,950	387,544	2,609,649
Other	2,343,008	1,484,774	115,965	150	125,193	4,069,090
Total financial liabilities (contractual maturity dates)	161,245,538	20,919,349	24,189,116	3,292,442	2,137,993	211,784,438
Total financial liabilities (expected maturity dates)	45,131,596	16,656,181	17,073,135	24,037,504	108,886,022	211,784,438
Total financial assets (expected maturity dates)	40,087,182	6,887,114	36,273,691	131,517,710	101,979,739	316,745,436

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.

45. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

Off-balance sheet items

The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2013				
Credit commitments	24,656,601	-	-	24,656,601
Guarantees, acceptances and other financial facilities	3,151,275	589,746	1,087,231	4,828,252
Operating lease commitments	133,640	297,072	158,386	589,098
Capital commitments	1,900,461	-	-	1,900,461
	29,841,977	886,818	1,245,617	31,974,412
At September 30, 2012				
Credit commitments	22,793,994	-	-	22,793,994
Guarantees, acceptances and other financial facilities	2,972,009	400,715	807,591	4,180,315
Operating lease commitments	89,089	270,554	384,397	744,040
Capital commitments	997,729	-	-	997,729
	26,852,821	671,269	1,191,988	28,716,078

	The Bank			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2013				
Credit commitments	24,656,601	-	-	24,656,601
Guarantees, acceptances and other financial facilities	1,637,883	589,746	1,087,231	3,314,860
Operating lease commitments	133,640	297,072	158,386	589,098
Capital commitments	1,030,437	-	-	1,030,437
	27,458,461	886,818	1,245,617	29,590,996
At September 30, 2012				
Credit commitments	22,793,994	-	-	22,793,994
Guarantees, acceptances and other financial facilities	2,794,460	400,715	807,591	4,002,766
Operating lease commitments	95,439	177,729	382,094	655,262
Capital commitments	997,729	-	-	997,729
	26,681,622	578,444	1,189,685	28,449,751

Capital commitments are in relation to approved expenditures for property, plant, equipment and computer software that were unused as at the end of the respective financial years either because they relate to work in progress or are awaiting the start of the project. Of the total capital commitments, planned expenditure valuing $1,137,846,000 (2012 – $997,729,000) for the Group has already been contracted for.

45. 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 organization'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 incurs market risk primarily in treasury, trading and structural banking activities. The Group takes a comprehensive governance approach in accordance with the 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 this 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 on open position in a currency. To control this exchange risk, the Group has approved limits for net open positions in each currency for both intra-day and overnight.

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 be settled. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

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

The tables below summarise the Group's and the Bank's exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

	The Group					
	$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Bank of Jamaica	15,729,159	7,295,701	1,007,201	236,651	19,971	24,388,683
Due from other banks	376,035	12,194,886	6,286,377	1,265,654	535,576	20,658,528
Investment securities at fair value through profit or loss	148,682	232,073	-	-	-	380,755
Reverse repurchase agreements	774	327,331	-	-	-	328,105
Loans and advances, net of provision for credit losses	93,389,173	47,761,139	-	-	-	141,150,312
Investment securities classified as available-for-sale and loans and receivables	143,682,775	87,117,725	1,213,006	-	2,043,192	234,056,698
Other	3,970,347	1,893,825	10,620	220	87	5,875,099
Total assets	257,296,945	156,822,680	8,517,204	1,502,525	2,598,826	426,838,180
Liabilities						
Due to other banks	3,291,886	13,971,466	77,278	47,874	21,696	17,410,200
Customer deposits	106,574,328	62,035,279	7,710,329	1,217,423	873,662	178,411,021
Repurchase agreements	44,344,418	70,316,758	1,244,844	315,425	1,155,950	117,377,395
Obligations under securitization arrangements	-	10,351,691	-	-	-	10,351,691
Other borrowed funds	3,079,094	1,823,787	-	-	-	4,902,881
Liabilities under annuity and insurance contracts	33,784,403	130,103	-	-	-	33,914,506
Other	4,551,434	2,261,028	66,771	9,082	28,006	6,916,321
Total liabilities	195,625,563	160,890,112	9,099,222	1,589,804	2,079,314	369,284,015
Net on-balance sheet position	61,671,382	(4,067,432)	(582,018)	(87,279)	519,512	57,454,165
Guarantees, acceptances and other financial facilities	2,319,015	2,501,565	201	-	7,471	4,828,252
Credit commitments	20,677,582	3,979,019	-	-	-	24,656,601

45. 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					
	$	**US$**	**GBP**	**CAN$**	**Other**	**Total**
September 30, 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Bank of Jamaica	16,991,874	6,048,725	869,244	175,549	17,420	24,102,812
Due from other banks	316,056	7,145,498	5,839,013	1,064,566	561,936	14,927,069
Investment securities at fair value through profit or loss	449,650	270,756	-	-	-	720,406
Reverse repurchase agreements	248,264	75,219	-	-	84,811	408,294
Loans and advances, net of provision for credit losses	70,633,423	41,271,431	-	-	-	111,904,854
Investment securities classified as available-for-sale and loans and receivables	132,026,537	75,470,903	968,634	251,856	1,215,221	209,933,151
Other	1,099,470	709,368	6,286	196	795	1,816,115
Total assets	221,765,274	130,991,900	7,683,177	1,492,167	1,880,183	363,812,701
Liabilities						
Due to other banks	1,078,271	8,110,697	65,572	44,744	25,613	9,324,897
Customer deposits	100,203,360	54,701,283	6,401,935	928,040	695,732	162,930,350
Repurchase agreements	43,555,359	56,346,956	1,086,503	304,052	597,579	101,890,449
Obligations under securitization arrangements	-	2,604,246	-	-	-	2,604,246
Other borrowed funds	2,088,360	1,536,184	-	-	-	3,624,544
Liabilities under annuity and insurance contracts	25,138,935	55,389	-	-	-	25,194,324
Other	3,754,482	1,045,499	9,318	6,114	101,663	4,917,076
Total liabilities	175,818,767	124,400,254	7,563,328	1,282,950	1,420,587	310,485,886
Net on-balance sheet position	45,946,507	6,591,646	119,849	209,217	459,596	53,326,815
Guarantees, acceptances and other financial facilities	1,883,884	2,290,259	-	-	6,172	4,180,315
Credit commitments	18,695,703	4,098,291	-	-	-	22,793,994

45. 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					
	$	US$	GBP	CAN$	Other	Total
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Bank of Jamaica	15,722,765	7,395,689	1,002,455	236,651	19,971	24,377,531
Due from other banks	471,252	11,444,382	6,417,064	1,265,829	472,272	20,070,799
Reverse repurchase agreements	32,000	728,724	-	-	-	760,724
Loans and advances, net of provision for credit losses	93,389,122	47,054,118	-	-	-	140,443,240
Investment securities classified as available-for-sale and loans and receivables	53,441,327	36,843,271	962,314	-	1,564,601	92,811,513
Other	2,848,985	1,107,394	10,620	220	86	3,967,305
Total assets	165,905,451	104,573,578	8,392,453	1,502,700	2,056,930	282,431,112
Liabilities						
Due to other banks	3,270,126	16,263,194	1,308,968	347,871	240,158	21,430,317
Customer deposits	107,105,940	62,239,128	7,857,358	1,227,947	669,282	179,099,655
Repurchase agreements	8,956,332	20,668,985	-	-	646,324	30,271,641
Obligations under securitization arrangements	-	10,351,691	-	-	-	10,351,691
Other borrowed funds	1,358,817	1,628,722	-	-	-	2,987,539
Other	3,959,648	1,580,709	65,973	6,875	28,006	5,641,211
Total liabilities	124,650,863	112,732,429	9,232,299	1,582,693	1,583,770	249,782,054
Net on-balance sheet position	41,254,588	(8,158,851)	(839,846)	(79,993)	473,160	32,649,058
Guarantees, acceptances and other financial facilities	2,168,298	1,138,891	201	-	7,470	3,314,860
Credit commitments	20,677,582	3,979,019	-	-	-	24,656,601

45. 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					
	$	US$	GBP	CAN$	Other	Total
September 30, 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets						
Cash in hand and balances at Bank of Jamaica	16,990,108	6,048,623	865,946	175,549	17,419	24,097,645
Due from other banks	383,715	6,772,013	5,702,643	1,109,657	470,578	14,438,606
Reverse repurchase agreements	-	534,555	-	-	31,164	565,719
Loans and advances, net of provision for credit losses	70,633,371	40,530,758	-	-	-	111,164,129
Investment securities classified as available-for-sale and loans and receivables	51,119,791	33,230,636	968,634	43	1,048,230	86,367,334
Other	943,348	706,185	6,285	196	84	1,656,098
Total assets	140,070,333	87,822,770	7,543,508	1,285,445	1,567,475	238,289,531
Liabilities						
Due to other banks	1,078,326	10,502,570	65,572	44,744	25,613	11,716,825
Customer deposits	100,946,963	50,958,002	7,271,609	995,861	661,649	160,834,084
Repurchase agreements	7,172,275	19,860,785	231,973	84,796	362,596	27,712,425
Obligations under securitization arrangements	-	2,604,246	-	-	-	2,604,246
Other borrowed funds	849,195	1,308,849	-	-	-	2,158,044
Other	3,020,463	1,031,529	9,318	6,114	1,666	4,069,090
Total liabilities	113,067,222	86,265,981	7,578,472	1,131,515	1,051,524	209,094,714
Net on-balance sheet position	27,003,111	1,556,789	(34,964)	153,930	515,951	29,194,817
Guarantees, acceptances and other financial facilities	1,706,336	2,290,259	-	-	6,171	4,002,766
Credit commitments	18,695,703	4,098,291	-	-	-	22,793,994

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Bank have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year end for changes 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 each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear.

There was no effect on other comprehensive income.

	2013			2012		
	% Change in Currency Rate	Effect on Net Profit		% Change in Currency Rate	Effect on Net Profit	
		The Group	The Bank		The Group	The Bank
		$'000	$'000		$'000	$'000
Currency:						
USD	4% Appreciation	250,315	212,878	4%	(214,387)	(4,687)
	10% Depreciation	(625,786)	(532,195)	(10%)	535,966	11,717
GBP	4% Appreciation	22,301	22,512	4%	(206)	822
	10% Depreciation	(55,752)	(56,279)	(10%)	515	(2,056)
CAN	4% Appreciation	(1,090)	2,152	4%	(6,077)	(4,135)
	10% Depreciation	2,725	(5,379)	(10%)	15,192	10,337

(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 mismatched 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 be 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.

45. 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. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

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

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Bank of Jamaica	7,708,579	-	-	-	-	16,680,104	24,388,683
Due from other banks	15,753,503	1,097,451	1,032,354	-	-	2,775,220	20,658,528
Investment securities at fair value through profit or loss	4,789	275	9,925	101,477	117,437	146,852	380,755
Reverse repurchase agreements	176,933	73,056	76,873	-	-	1,243	328,105
Loans and advances, net of provision for credit losses	57,656,259	36,521,197	4,952,543	27,183,363	10,578,959	4,257,991	141,150,312
Investment securities classified as available-for-sale and loans and receivables	53,187,443	27,083,479	24,120,390	61,334,694	63,247,277	5,083,415	234,056,698
Other	-	-	-	-	-	5,875,099	5,875,099
Total assets	134,487,506	64,775,458	30,192,085	88,619,534	73,943,673	34,819,924	426,838,180
Liabilities							
Due to other banks	4,825,711	6,683,703	2,167,938	309,704	1,238,819	2,184,325	17,410,200
Customer deposits	116,120,909	13,343,960	12,505,133	480,696	-	35,960,323	178,411,021
Repurchase agreements	47,775,871	40,869,979	22,614,509	5,349,577	1,989	765,470	117,377,395
Obligations under securitization arrangements	-	10,323,490	-	-	-	28,201	10,351,691
Other borrowed funds	118,943	960,682	482,507	2,477,982	829,636	33,131	4,902,881
Liabilities under annuity and insurance contracts	29,510,434	274,534	844,908	-	-	3,284,630	33,914,506
Other	-	-	-	-	-	6,916,321	6,916,321
Total liabilities	198,351,868	72,456,348	38,614,995	8,617,959	2,070,444	49,172,401	369,284,015
On-balance sheet interest sensitivity gap	(63,864,362)	(7,680,890)	(8,422,910)	80,001,575	71,873,229	(14,352,477)	57,554,165
Cumulative interest sensitivity gap	(63,864,362)	(71,545,252)	(79,968,162)	33,413	71,906,642	57,554,165	

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Bank of Jamaica	9,528,145	-	-	-	-	14,574,667	24,102,812
Due from other banks	11,678,897	1,069,558	160,096	-	-	2,018,518	14,927,069
Investment securities at fair value through profit or loss	2,032	3,439	18,679	31,988	375,009	289,259	720,406
Reverse repurchase agreements	184,745	222,580	1	-	-	968	408,294
Loans and advances, net of provision for credit losses	54,822,878	28,638,163	1,402,116	19,765,218	3,180,872	4,095,607	111,904,854
Investment securities classified as available-for-sale and loans and receivables	12,393,684	60,453,502	25,569,392	62,283,048	44,574,291	4,659,234	209,933,151
Other	4,978	-	-	-	-	1,811,137	1,816,115
Total assets	88,615,359	90,387,242	27,150,284	82,080,254	48,130,172	27,449,390	363,812,701
Liabilities							
Due to other banks	879,299	4,916,572	376,827	-	1,345,811	1,806,388	9,324,897
Customer deposits	98,977,150	9,217,713	16,096,306	399,506	-	38,239,675	162,930,350
Repurchase agreements	38,892,450	42,851,892	16,972,153	2,392,726	4,938	776,290	101,890,449
Obligations under securitization arrangements	-	1,051,898	773,454	773,454	-	5,440	2,604,246
Other borrowed funds	144,252	776,333	1,380,189	915,893	294,938	112,939	3,624,544
Liabilities under annuity and insurance contracts	21,647,059	150,316	805,488	-	-	2,591,461	25,194,324
Other	5,312	206,674	-	-	-	4,705,090	4,917,076
Total liabilities	160,545,522	59,171,398	36,404,417	4,481,579	1,645,687	48,237,283	310,485,886
On-balance sheet interest sensitivity gap	(71,930,163)	31,215,844	(9,254,133)	77,598,675	46,484,485	(20,787,893)	53,326,815
Cumulative interest sensitivity gap	(71,930,163)	(40,714,319)	(49,968,452)	27,630,223	74,114,708	53,326,815	

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2013	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Bank of Jamaica	7,703,822	-	-	-	-	16,673,709	24,377,531
Due from other banks	15,335,646	1,097,456	1,032,349	-	-	2,605,348	20,070,799
Reverse repurchase agreements	145,802	299,381	309,705	-	-	5,836	760,724
Loans and advances, net of provision for credit losses	57,620,955	36,443,790	4,438,792	27,106,844	10,578,959	4,253,900	140,443,240
Investment securities classified as available-for-sale and loans and receivables	20,168,670	3,353,468	6,108,864	26,234,900	34,996,164	1,949,447	92,811,513
Other	-	-	-	-	-	3,967,305	3,967,305
Total assets	100,974,895	41,194,095	11,889,710	53,341,744	45,575,123	29,455,545	282,431,112
Liabilities							
Due to other banks	3,872,443	9,158,725	4,596,493	-	1,548,524	2,254,132	21,430,317
Customer deposits	121,389,356	12,012,402	9,858,357	11,231	-	35,828,309	179,099,655
Repurchase agreements	11,341,838	7,104,587	6,414,557	5,161,745	-	248,914	30,271,641
Obligations under securitization arrangements	-	10,323,490	-	-	-	28,201	10,351,691
Other borrowed funds	29,869	81,598	292,979	1,744,965	829,636	8,492	2,987,539
Other	-	-	-	-	-	5,641,211	5,641,211
Total liabilities	136,633,506	38,680,802	21,162,386	6,917,941	2,378,160	44,009,259	249,782,054
On-balance sheet interest sensitivity gap	(35,658,611)	2,513,293	(9,272,676)	46,423,803	43,196,963	(14,553,714)	32,649,058
Cumulative interest sensitivity gap	(35,658,611)	(33,145,318)	(42,417,994)	4,005,809	47,202,772	32,649,058	

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Bank						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Bank of Jamaica	9,528,134	-	-	-	-	14,569,511	24,097,645
Due from other banks	11,932,973	641,335	-	-	-	1,864,298	14,438,606
Reverse repurchase agreements	291,339	-	269,162	-	-	5,218	565,719
Loans and advances, net of provision for credit losses	54,796,047	28,609,901	1,366,228	19,272,687	3,024,666	4,094,600	111,164,129
Investment securities classified as available-for-sale and loans and receivables	5,306,686	20,979,826	14,686,842	23,830,288	19,784,688	1,779,004	86,367,334
Other	4,978	-	-	-	-	1,651,120	1,656,098
Total assets	81,860,157	50,231,062	16,322,232	43,102,975	22,809,354	23,963,751	238,289,531
Liabilities							
Due to other banks	3,271,172	4,916,572	376,827	-	1,345,811	1,806,443	11,716,825
Customer deposits	99,169,178	7,970,918	15,490,355	21,178	-	38,182,455	160,834,084
Repurchase agreements	7,824,200	12,432,704	4,904,691	2,350,877	-	199,953	27,712,425
Obligations under securitization arrangements	-	1,051,898	773,454	773,454	-	5,440	2,604,246
Other borrowed funds	28,570	543,421	269,940	914,239	294,938	106,936	2,158,044
Other	5,312	-	-	-	-	4,063,778	4,069,090
Total liabilities	110,298,432	26,915,513	21,815,267	4,059,748	1,640,749	44,365,005	209,094,714
On-balance sheet interest sensitivity gap	(28,438,275)	23,315,549	(5,493,035)	39,043,227	21,168,605	(20,401,254)	29,194,817
Cumulative interest sensitivity gap	(28,438,275)	(5,122,726)	(10,615,761)	28,427,466	49,596,071	29,194,817	

[expressed in Jamaican dollars unless otherwise indicated]

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group				The Bank			
	$	US$	CAN$	GBP	$	US$	CAN$	GBP
	%	%	%	%	%	%	%	%
September 30, 2013								
Assets								
Balances at Bank of Jamaica	0.3	0.1	0.3	0.1	0.3	0.1	0.3	0.1
Due from other banks	4.9	0.2	0.6	0.4	4.9	0.2	0.6	0.4
Investment securities at fair value through profit or loss	7.2	7.0	-	-	-	-	-	-
Reverse repurchase agreements	8.0	4.2	-	1.5	6.0	4.0	-	1.5
Loans and advances	16.5	7.3	-	-	16.5	7.3	-	-
Investment securities classified as available-for-sale and loans and receivables	7.8	8.9	-	13.5	8.2	8.2	-	13.5
Liabilities								
Due to other banks	4.9	4.6	-	-	4.9	4.6	-	-
Customer deposits	1.3	1.2	0.4	0.6	1.3	1.2	0.4	0.6
Repurchase agreements	5.6	3.5	-	1.5	6.5	4.7	1.5	1.8
Obligations under securitization arrangements	-	6.8	-	-	-	6.8	-	-
Other borrowed funds	8.5	4.3	-	-	10.2	4.0	-	-
September 30, 2012								
Assets								
Balances at Bank of Jamaica	0.3	0.1	0.4	0.1	0.3	0.1	0.4	0.1
Due from other banks	3.2	0.1	0.7	0.4	3.2	0.1	0.7	0.4
Investment securities at fair value through profit or loss	9.9	8.3	-	-	-	-	-	-
Reverse repurchase agreements	5.5	3.4	1.5	1.8	5.0	4.0	-	-
Loans and advances	18.4	8.3	-	-	18.4	8.3	-	-
Investment securities classified as available-for-sale and loans and receivables	9.0	8.0	-	13.4	8.5	8.7	-	13.4
Liabilities								
Due to other banks	6.2	4.8	-	-	6.2	4.8	-	-
Customer deposits	1.4	1.9	0.6	0.9	1.4	1.9	0.6	0.9
Repurchase agreements	5.6	4.3	1.3	1.6	6.1	5.7	1.2	1.7
Obligations under securitization arrangements	-	5.5	-	-	-	5.5	-	-
Other borrowed funds	8.8	3.8	-	-	11.1	4.5	-	-

45. 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 income statement 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 other comprehensive income 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	Effect on Equity	Effect on Net Profit	Effect on Equity
	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Change in basis points:				
-200	(973,298)	3,497,635	(1,472,201)	1,187,373
+200	973,298	(3,497,635)	1,472,201	(1,187,373)

	The Bank			
	Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	2013 $'000	2013 $'000	2012 $'000	2012 $'000
Change in basis points:				
-200	(256,305)	1,996,354	(582,712)	221,832
+200	256,305	(1,996,354)	582,712	(221,832)

45. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of other entities that are publicly traded on the Jamaica Stock Exchange.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as available-for-sale. 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 2013 $'000	Effect on Equity 2013 $'000	Effect on Net Profit 2012 $'000	Effect on Equity 2012 $'000
Percentage change in share price				
10% decrease	(14,344)	(213,714)	(28,247)	(216,290)
10% increase	14,344	213,714	28,247	216,290

	The Bank			
	Effect on Net Profit 2013 $'000	Effect on Equity 2013 $'000	Effect on Net Profit 2012 $'000	Effect on Equity 2012 $'000
Percentage change in share price				
10% decrease	-	(58,394)	-	(13,661)
10% increase	-	58,394	-	13,661

45. Financial Risk Management (Continued)

(d) Derivative financial instruments

The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

(e) Insurance risk

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

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk

The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a two-fold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

	Total Benefits Assured - Individual			
	2013		2012	
	$'000	$'000	$'000	$'000
	Contracts with Investment Options	Contracts without Investment Options	Contracts with Investment Options	Contracts without Investment Options
Benefits assured per life assured ($'000)				
0 – 1,000	13,050,222	2,268,387	12,592,482	1,767,817
1,000 – 2,000	3,735,884	7,762,263	3,774,765	6,268,619
2,000 – 5,000	4,813,412	4,752,931	4,595,536	3,931,131
5,000 – 10,000	3,059,864	-	2,981,311	-
Over 10,000	3,968,070	-	3,916,088	-
	28,627,452	14,783,581	27,860,182	11,967,567

	Total Benefits Assured - Group			
	2013		2012	
	$'000	$'000	$'000	$'000
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	13,174,370	13,174,058	10,273,081	10,272,301
1,000 – 2,000	10,468,224	10,467,684	7,656,975	7,654,706
2,000 – 5,000	12,528,477	12,197,857	12,408,493	12,109,983
5,000 – 10,000	12,993,333	7,830,093	11,538,176	7,077,084
Over 10,000	8,571,683	2,340,799	7,223,180	1,962,428
	57,736,087	46,010,491	49,099,905	39,076,502

The Group uses catastrophe re-insurance cover against its Ordinary Life, Group Life and Creditor Life contracts as the main risks faced by these contracts are interest rate and liquidity.

- The premium ceded during the year in respect of catastrophe re-insurance cover amounted to $24,649,000 (2012 – $22,006,000). Premium income recognized in the income statement is shown net of these amounts.
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $Nil (2012 – $11,474,000).
- At September 30, 2013, premiums payable under re-insurance contracts amounted to $2,107,000 (2012 – $1,557,000).
- At September 30, 2013, there were no amounts receivable from reinsurers in respect of policyholders' benefits (2012 – $Nil).

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

The following table for annuity contracts illustrates the concentration of risk in relation to the amount payable as if the annuity were in payment at the year end:

	Total Annuities Payable	
	2013	**2012**
	$'000	**$'000**
Annuity payable per annum per annuitant ($'000)		
0 -100	30,169	26,518
100 - 300	64,928	67,552
300 – 500	70,914	60,713
500 – 1,000	130,877	121,294
Over 1,000	598,928	548,438
	895,816	824,515

The Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuary, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

Process used in deriving assumptions

The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:

(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and

(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. See Note 32 for details on policy assumptions.

Reinsurance risk

Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The current reinsurer is Swiss Re (registered in Canada) whose financial strength rating from Standard & Poor's is AA- (at June 2013) and from AM Best A+ (at January 2013).

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit, the limits of coverage accepted by the Group under these contracts falls into two main categories with limits of $2,000,000 and $5,000,000 per life, coverage in excess of these limits is ceded to reinsurers.

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralized management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modeling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through its Underwriting Risk Management Policy to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurances remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain "A" rating, in keeping with the company's Board approved Reinsurance Risk Management Policy.

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Motor insurance

Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

The risks relating to motor contracts are managed primarily through the pricing and selection process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property insurance

Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance

Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the company makes assumptions that costs will increase in line with the latest available research.

45. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk

The following table shows the Group's exposure to Property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	2013				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross	116,198	213,632	7,119,634	6,945	7,456,408
Net of proportional reinsurance	112,775	56,448	6,989,674	6,759	7,165,655
	2012				
Gross	-	-	-	-	-
Net of proportional reinsurance	-	-	-	-	-

Claims development

Claims development information is disclosed in order to illustrate the property and casualty insurance risk inherent in the Group. The upper section of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower section of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

	2008	2009	2010	2011	2012	2013	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Estimate of cumulative claims at end of financial year	2,129,576	2,524,853	2,425,881	2,255,275	2,138,326	1,828,508	
One year later	2,211,175	2,429,711	2,339,583	2,110,115	2,219,390	-	
Two years later	2,238,318	2,536,118	2,470,371	2,477,329	-	-	
Three years later	2,316,063	2,690,799	2,629,135	-	-	-	
Four years later	2,420,129	2,753,192	-	-	-	-	
Five years later	2,797,878	-	-	-	-	-	
Estimate of cumulative claims	2,797,878	2,753,192	2,629,135	2,477,329	2,219,290	1,828,508	14,705,332
Cumulative payments to date	2,257,148	2,390,719	2,092,742	1,673,098	1,063,932	363,319	9,840,958
Net outstanding claims liability	540,730	362,473	536,393	804,231	1,155,358	1,465,189	4,864,374

45. Financial Risk Management (Continued)

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, 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 Bank

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), and the relevant management committees. The required information is filed with the respective Authority at the stipulated intervals.

The BOJ requires the Bank to:

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

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 unrealized 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 unrealized gains arising on fair valuation of instruments held as available-for-sale.

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 Bank met all the regulatory capital requirements during the years ended September 30, 2012 and 2013.

45. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Company Limited

The company maintains a capital structure consisting mainly of shareholders' funds consistent with the company's profile and the regulatory and market requirements. The company 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 company has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency is 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 company.

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 company met all FSC regulatory capital requirements during the years ended September 30, 2012 and 2013.

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 statement of financial position 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.

45. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Company Limited (continued)

Dynamic capital adequacy testing (DCAT)

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. The 2013 information relates to the DCAT report for December 2012. The 2012 information relates to the DCAT report for December 2011.

		2013		2012	
	Variable	MCCSR	Change in Liability $'000	MCCSR	Change in Liability $'000
Worsening rate of lapses	+3% for 5 yrs	1198%	(47,454)	1765%	(1,024,461)
High interest rates	+100 bp for 5 yrs	1511%	(8,069,749)	2267%	(8,616,168)
Low interest rates	-100 bp for 5 yrs	103%	13,025,788	382%	10,032,276
Worsening of mortality	-3% for 5 yrs	949%	782,577	1139%	821,691
Higher expenses	+5% for 5 yrs	692%	1,242,612	391%	6,808,277
No sales growth	0% for 5 yrs	1097%	189,552	1657%	(827,044)
High sales growth	+50% for 5 yrs	913%	192,749	1070%	779,023
Extreme lapse and termination rates	x3 for 5 yrs	1476%	750,753	2327%	(562,219)
Fall in interest rates to 7%	-8% for 5 yrs	607%	8,542,953	674%	8,268,022

(iii) Advantage General Insurance Company Limited

The company is regulated by the Financial Services Commission (FSC) and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the primary measure used to assess capital adequacy is the Minimum Capital Test (MCT). 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. As at September 30, 2013, the company was in compliance with the requirement set by the FSC.

45. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) NCB Capital Markets Limited

The company is regulated by the Financial Services Commission (FSC) and is subject 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 unrealized 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 test 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)’.

There was no change in relation to how the company manages its capital during the financial year.

The company met all the FSC regulatory capital requirements during the years ended September 30, 2012 and 2013.

46. 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.

The values derived from applying fair value 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 recognized valuation techniques;

(c) The fair value of investment securities classified as loans and receivables is determined 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 recognized valuation techniques;

(d) The fair value of liquid assets and other assets maturing within one year (such as Cash and balances at Bank of Jamaica and amounts 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;

(e) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;

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

(g) 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 recognized separately by deducting the amount of the provisions for credit losses from both book and fair values.

The carrying value (excluding accrued interest) (Note 23) and fair value of investment securities classified as loans and receivables were as follows:

	The Group		The Bank	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$'000	$'000	$'000	$'000
At September 30, 2013	42,615,983	43,089,987	19,338,319	18,976,374
At September 30, 2012	40,086,304	39,969,116	19,327,788	18,491,300

The fair values for all other financial instruments approximate their carrying values.

46. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3, based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At September 30, 2013				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	168,143,494	-	168,143,494
Government of Jamaica guaranteed corporate bonds	-	9,599,145	-	9,599,145
Other corporate bonds	-	5,869,972	90,000	5,959,972
Foreign government debt securities	-	3,126,279	-	3,126,279
Quoted equity securities	851,179	-	-	851,179
Unquoted equity securities	-	-	47,498	47,498
	851,179	186,738,890	137,498	187,727,567
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	187,435	-	187,435
Government of Jamaica guaranteed corporate bonds	-	15,917	-	15,917
Other corporate bonds	-	12,225	-	12,225
Foreign government debt securities	-	18,326	-	18,326
Quoted equity securities	143,442	-	-	143,442
	143,442	233,903	-	377,345
Derivative financial instruments	-	387,304	-	387,304
	994,621	187,360,097	137,498	188,492,216
Financial liabilities				
Derivative financial instruments	-	1,437	-	1,437
Liabilities under annuity and insurance contracts	-	-	33,914,506	33,914,506
	-	1,437	33,914,506	33,915,943
Net financial assets/(liabilities)	994,621	187,358,660	(33,777,008)	154,576,273

46. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2012				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	148,418,357	-	148,418,357
Government of Jamaica guaranteed corporate bonds	-	9,264,768	-	9,264,768
Other corporate bonds	-	4,629,752	934,157	5,563,909
Foreign government debt securities	-	1,592,111	151,715	1,743,826
Quoted equity securities	1,739,754	-	-	1,739,754
Unquoted equity securities	-	-	47,498	47,498
	1,739,754	163,904,988	1,133,370	166,778,112
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	111,373	-	111,373
Government of Jamaica guaranteed corporate bonds	-	110,060	-	110,060
Other corporate bonds	-	48,233	161,481	209,714
Quoted equity securities	282,472	-	-	282,472
	282,472	269,666	161,481	713,619
Derivative financial instruments	-	4,978	-	4,978
	2,022,226	164,179,632	1,294,851	167,496,709
Financial liabilities				
Derivative financial instruments	-	5,312	-	5,312
Liabilities under annuity and insurance contracts	-	-	25,194,324	25,194,324
	-	5,312	25,194,324	25,199,636
Net financial assets/(liabilities)	2,022,226	164,174,320	(23,899,473)	142,297,073

The movement in the Group's financial assets classified as Level 3 during the year was as follows:

	The Group	
	2013 $'000	2012 $'000
At start of year	1,294,851	3,203,740
Acquisitions	90,000	1,509,299
Loans and receivables that were misclassified as available-for-sale in the prior year	(315,523)	-
Fair value losses recognized in other comprehensive income	-	(921,498)
Disposals/maturities	(931,830)	(2,496,690)
At end of year	137,498	1,294,851

The movement in liabilities under annuity and insurance contracts is disclosed in Note 32.

46. Fair Values of Financial Instruments (Continued)

	The Bank			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2013				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	68,271,252	-	68,271,252
Government of Jamaica guaranteed corporate bonds	-	295,902	-	295,902
Corporate debt securities	-	1,548,454	-	1,548,454
Foreign government debt securities	-	1,408,140	-	1,408,140
Quoted equity securities	583,942	-	-	583,942
Unquoted equity securities	-	-	18,255	18,255
	583,942	71,523,748	18,255	72,125,945
Derivative financial instruments	-	387,304	-	387,304
	583,942	71,911,052	18,255	72,513,249
Financial liabilities				
Derivative financial instruments	-	1,437	-	1,437
Net financial assets	583,942	71,909,615	18,255	72,511,812
September 30, 2012				
Financial assets				
Investment securities classified as available-for-sale				
Government of Jamaica debt securities	-	61,585,090	-	61,585,090
Government of Jamaica guaranteed corporate bonds	-	623,858	-	623,858
Corporate debt securities	-	1,794,415	315,523	2,109,938
Foreign government debt securities	-	941,657	-	941,657
Quoted equity securities	550,978	-	-	550,978
Unquoted equity securities	-	-	18,255	18,255
	550,978	64,945,020	333,778	65,829,776
Derivative financial instruments	-	4,978	-	4,978
	550,978	64,949,998	333,778	65,834,754
Financial liabilities				
Derivative financial instruments	-	5,312	-	5,312
Net financial assets	550,978	64,944,686	333,778	65,829,442

The movement in the Bank's financial assets classified as Level 3 during the year was as follows:

	The Bank	
	2013 $'000	2012 $'000
At start of year	333,778	333,778
Loans and receivables that were misclassified as available-for-sale in the prior year	(315,523)	-
At end of year	18,255	333,778

46. Fair Values of Financial Instruments (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper and most investment grade and liquid corporate bonds. Indicative prices of these instruments are obtained from regular, publicly available quotes by reputable dealers and brokers, such as Bloomberg and Oppenheimer.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes certain corporate debt securities and unlisted equity securities.

- The fair values of these corporate debt securities are determined based on recent issues or sales of similar bonds, by applying a spread to recent issues or sales of bonds that are not entirely similar, or by applying a spread to indicative quotes in less liquid markets. The Bank does not have a material holding of, or engages in significant transactions in, corporate debt securities classified as Level 3 and would, therefore, not be significantly affected by valuation adjustments resulting from these instruments. Sensitivity analysis of valuations of the Group's corporate debt securities using unobservable inputs, by valuation basis, was as follows:

	Fair values	Change in yield	Favorable changes		Unfavorable changes	
			Effect on Net Profit	Effect on Equity	Effect on Net Profit	Effect on Equity
	$'000		$'000	$'000	$'000	$'000
As at September 30, 2013:						
Investment securities classified as available-for-sale						
Valued at par	90,000	2%	1,800	1,201	(1,800)	(1,201)
As at September 30, 2012:						
Investment securities classified as available-for-sale						
Valued at par	1,085,872	2%	21,718	17,593	(21,718)	(17,593)
Investment securities at fair value through profit or loss						
Government of Jamaica yield curve	161,481	2%	3,230	2,153	(3,230)	(2,153)
	1,247,353		24,948	19,746	(24,948)	(19,746)

- The valuation of unquoted equity instruments is subjective by nature. The determination of the fair values of unquoted equity securities requires the use of a number of individual pricing benchmarks which would involve unobservable inputs, such as earnings estimates, multiples of comparative companies, marketability discounts and discount rates. The Group does not have a material holding of, or engages in significant transactions in, unquoted equity instruments and would, therefore, not be significantly affected by valuation adjustments resulting from these instruments.

47. Acquisition of Subsidiary

In February 2013, through its shareholding in NCB Capital Markets Limited, the Group acquired the entire share capital of Advantage General Insurance Company Limited. 96.24% of the issued share capital was acquired from AIC (Barbados) Limited and ACF Holdings Insurco Limited. Both AIC (Barbados) Limited and ACF Holdings Insurco Limited are controlled by the Chairman of the Bank.

The acquired business contributed revenues of $3,950,087,000 and profits of $322,711,000 for the year ended September 30, 2013. Had the company been acquired at the beginning of the year, it would have contributed revenues of approximately $5,266,783,000 and profits of approximately $430,281,000 to the Group for the year ended September 30, 2013.

Details of the net assets acquired, goodwill and net cash outlay on acquisition, determined on a provisional basis, were as follows:

	Fair Values $'000
Net assets arising on the acquisition –	
Cash	132,295
Investment securities	7,435,068
Investment properties	450,000
Intangible assets	613,522
Property, plant and equipment	823,334
Income tax recoverable	76,122
Post-employment benefits	(92,540)
Other assets	906,435
Policyholders liabilities	(6,811,520)
Deferred tax liabilities	131,939
Other liabilities	(463,306)
	3,201,349

Goodwill on acquisition:	**$'000**
Purchase consideration –	
Cash	3,016,254
Deferred consideration	185,095
	3,201,349
Net assets acquired	(3,201,349)
	-

Net cash outlay on acquisition:	**$'000**
Purchase consideration paid in cash	3,016,254
Cash acquired	(132,295)
	2,883,959

48. Financial Sector Legislation

At September 30, 2013 and September 30, 2012, the Bank was in breach of Section 13(1)(d)(i) of the Banking Act. This section deals with unsecured lending to connected persons and amounted to $10,000 (2012 – $18,766,000).

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 September 30, 2013, the Group had financial assets under administration of approximately $52,627,306,000 (2012 – $50,879,847,000).

50. Dividends

The following dividends were paid during the year:

- $0.64 per ordinary stock unit was paid in December 2012
- $0.23 per ordinary stock unit was paid in March 2013
- $0.16 per ordinary stock unit was paid in May 2013
- $0.08 per ordinary stock unit was paid in August 2013

On November 14, 2013, the Board declared a final interim dividend in respect of 2013 of $0.16 per ordinary stock unit. The dividend is payable on December 12, 2013 for stockholders on record as at November 29, 2013. The financial statements for the year ended September 30, 2013 do not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the year ending September 30, 2014.

51. Litigation and Contingent Liabilities

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 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.

(b) 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. On May 11, 2013 the Court ordered that the customer's claim be struck out. However, the customer is seeking to appeal that decision.

(c) 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. The court's judgment is not yet received.

(d) 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 are unable to determine the outcome of the suit and no provision has been made in the financial statements.

(e) Suit has been filed by customers against the Bank for damages suffered for the alleged negligence in the appointment of a Receiver over the assets of the customers and for the Receiver's alleged negligent conduct of the Receivership.

(f) The Ministry of Labour and Social Security referred to the Industrial Disputes Tribunal a dispute between the Staff Association and the Bank in respect of the Association's claim for increased wages and improved conditions of employment. The claim includes an increase in basic salaries of 8% for the financial year 2012-2013 and a further 8% for the following year.

(g) Suit was filed by a claimant seeking specific performance, damages for breach of contract, interest and costs. At the time of trial, the claim against the Bank was quantified by the claimant at approximately $31,400,000,000 plus interest and costs. No provision has been made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed, and the Supreme Court issued judgment in the Bank's favor. The claimant has appealed.

A number of other suits claiming damages in excess of $5 million each have been filed by customers of the Bank. 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 against these claims.

Shareholdings

10 LARGEST SHAREHOLDERS
as at September 30, 2013

	Units	Percentage Ownership
AIC Barbados Limited	1,245,337,980	50.48
Harprop Limited	214,372,000	8.69
Sagicor PIF Equity Fund	116,836,404	4.74
NCB Insurance Co. Ltd WT 109	62,989,156	2.55
AIC Global Holdings Inc	49,565,238	2.01
Ideal Portfolio Services Company Limited	45,974,615	1.86
Portland (Barbados) Limited	38,178,106	1.55
SJIML A/C 3119	25,446,820	1.03
BETA SPV LTD	21,000,000	0.85
Grace Kennedy Pension Scheme	18,923,296	0.77

SHAREHOLDINGS OF DIRECTORS*
as at September 30, 2013

	Total	Direct	Connected Parties**
Robert Almeida	**50,424,883**	143,993	50,280,890
Wayne Chen	**1,284,368,885**	14,044	1,284,354,841
Dennis G. Cohen	**73,039,457**	86,480	72,952,977
Sandra Glasgow	**73,015,026**	65,049	72,949,977
Sanya Goffe	**4,340**	4,340	-
Hon. Noel A.A. Hylton, OJ, CD	**354,074**	14,044	340,030
Patrick A. A. Hylton, CD	**425,072**	425,072	-
Hon. Michael Lee-Chin, OJ	**1,577,476,520**	1,948,344	1,575,528,176
Thalia Lyn	**73,117,935**	152,838	72,965,097
Prof. Alvin Wint	**88,144**	88,144	-
Dave Garcia (Company Secretary)	**11,210**	11,210	-

SHAREHOLDINGS OF LEADERSHIP TEAM*
as at September 30, 2013

	Total	Direct	Connected Parties**
Rickert Allen	**113,696**	113,696	-
Septimus 'Bob' Blake	**10,050**	10,050	-
Maj. Ffrench Campbell	**57,660**	57,660	-
Yvonne Clarke	**67,871**	67,871	-
Dennis Cohen	**73,039,457**	86,480	72,952,977
Dave Garcia	**11,210**	11,210	-
Howard Gordon	**-**	-	-
Patrick Hylton	**425,072**	425,072	-
Vernon James	**99,504**	99,504	-
Sheree Martin	**12,436**	12,436	-
Nadeen Matthews	**10,000**	10,000	
Marjorie Seeberan	**76,339**	76,339	-
Audrey Tugwell Henry	**16,640**	16,640	-
Mukisa Ricketts	**-**	-	-
Allison Wynter	**73,050,766**	100,789	72,949,977

*Includes share held by connected persons/parties | **Includes share held by persons connected to the individual

CORPORATE BANKING DIVISION

Senior Assistant General Manager (Actg. Division Head)	Brian Boothe
Assistant General Manager	Nadienne Neita
Assistant General Manager	Raymond Donaldson

GROUP RISK MANAGEMENT DIVISION

General Manager	Allison Wynter
Assistant General Manager	Lincoln Mcintyre

GROUP FACILITIES & SERVICES DIVISION

Senior Assistant General Manager	Ffrench Campbell
Manager, Planning, Performance & Special Projects	Stacey Hamilton
Purchasing Manager	Rodney Davis
Security, Safety & Environmental Manager	Glenroy Findlay
Quantity Surveyor	Shevene Logan
Reliability Engineer	Andrew Anderson

GROUP FINANCE

Group Finance & Deputy Managing Director	Dennis Cohen
Vice President	Andre Ho Lung
Assistant General Manager	Malcolm Sadler
Assistant General Manager	Lennox Channer

GROUP HUMAN RESOURCES DIVISION

Senior General Manager	Rickert Allen
Assistant General Manager	Euton Cummings
HR Relationship Manager	Sandra Grey
Food Services Manager	Judith Grossett
Manager, eLearning	Althea Bailey
Manager, Talent Management	Nicole Downie

GROUP MANAGING DIRECTOR'S OFFICE

Group Managing Director	Patrick Hylton
Group Finance & Deputy Managing Director	Dennis Cohen
Senior Assistant General Manager - Transformation Programmes	Janelle Prevost
Manager - Mergers & Acquisitions	Ramon Pitter

GROUP OPERATIONS AND TECHNOLOGY DIVISION

Senior General Manager	Howard Gordon
Assistant General Manager, IT Infrastructure & Operations	Ramon Lewis
Assistant General Manager, Centralized Operations	Alison Lynn
Assistant General Manager	Anne Mcmorris-Cover
Manager, IT Governance & Compliance	Cecil Williams

GROUP INTERNAL AUDIT DIVISION

Chief Internal Auditor	Mukisa Ricketts
Internal Audit Manager	Michael Hamm
Internal Audit Manager	Allan Holmes
Internal Audit Manager	Alric Tate
Internal Audit Manager	Amoy Parchment Graham

GROUP LEGAL & COMPLIANCE DIVISION

General Manager & Company Secretary	Dave Garcia
Legal Counsel, Compliance Manager & Assistant Company Secretary	Misheca Seymour Senior
Legal Counsel	Janelle Muschette Leiba
Legal Counsel	Nicola Whyms-Stone
Legal Counsel	Tricia-Gaye Watson
Legal Counsel	Samantha E. Bigby
Legal Counsel	Corrine N. Henry
Senior Compliance Manager	Fiona Briscoe
Compliance Manager	Patricia Tennant
Company Secretary & Compliance Manager (AGIC)	Stephanie Neita

STRATEGY, GROUP MARKETING & COMMUNICATIONS UNIT

Senior Assistant General Manager	Nadeen Matthews
Manager - Group Corporate Communications	Belinda Williams
Manager - Marketing, Strategy & Execution	Nichole Brackett-Walters

RETAIL BANKING DIVISION

Senior General Manager	Audrey Tugwell Henry
Senior Assistant General Manager, Region 2	Norman Reid
Senior Assistant General Manager, Region 1	Loren Edwards
Assistant General Manager, Retail Banking	Marcia Reid-Grant
Assistant General Manager, Retail Banking	Stuart Reid
Assistant General Manager - Enterprise Underwriting & Collections Unit	Robert Brooks
Manager - Service Quality	Sharon Williams

TREASURY & CORRESPONDENT BANKING DIVISION & PAYMENT SERVICES

Senior General Manager	Septimus (Bob) Blake
Senior Assistant General Manager	Tanya Watson Francis
Assistant General Manager, F/X Trading	Peter Higgins
Financial Institutions Relationship Manager	Karen Watson
Senior Business Analyst	Youlan Laidlaw
Assistant General Manager, Payment Services	Claudette Rodriguez
Product & Portfolio Manager - Card Acquiring, Payment Services	Kirk Prendergast
Product & Portfolio Manager - Card Issuing, Payment Services	Michelle Thomas

Corporate Directory

Branch Directory

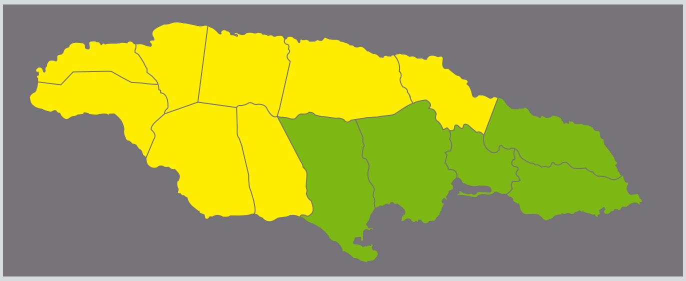
All Branches:
929-4NCB

Customer Care Toll Free:
1-888-NCB-FIRST

United States, Canada and the English Speaking Caribbean
1-866-622-3477

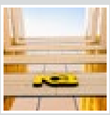
United Kingdom
0-800-032-2973

LOREN EDWARDS
Regional Manager
Region 1



NORMAN REID
Regional Manager
Region 2

HEAD OFFICE



The Atrium

32 Trafalgar Road
Kingston 10
St. Andrew
929-9050

ANNOTTO BAY

Dorothy Foote
Manager (Actg.)

Main Street
Annotto Bay
St. Mary

Service Quality Mgr.
- Nordia Edwards

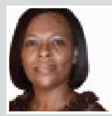
BARNETT STREET

(REPORTS TO ST. JAMES STREET)
93 Barnett Street
Montego Bay
St. James

BAYWEST AGENCY & CREDIT CENTRE

(REPORTS TO ST. JAMES STREET)
Harbour Street
Montego Bay
St. James

BLACK RIVER



Maxine Brown-Cowan
Manager

Chambers Plaza
1 Brigade Street
Black River
St. Elizabeth

Service Quality Mgr.
- Mary-Ann Singh

BROWN'S TOWN

Conroy Ward
Manager

17 Main Street
Brown Town
St. Ann

Service Quality Mgr.
- Aldene Earle-McKenzie

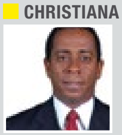
CHAPLETON

Odel Laing
Relationship Manager

40 Main Street
Chapleton
Claredon

Service Quality Mgr.
- Annette Spencer

CHRISTIANA

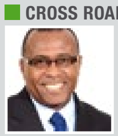


Earl Leakey
Manager

Main Street
Christiana
Manchester

Service Quality Mgr.
- Lindon Ramsay

CROSS ROADS

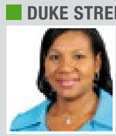


Glen Shields
Manager

90-94 Slipe Road
Kingston 5
St. Andrew

Service Quality Mgr.
- Jacqueline Murray

DUKE STREET



Marva Peynado
Manager

37 Duke Street
Kingston
St. Andrew

Service Quality Mgr.
- Sharon Tate (Actg.)

FALMOUTH

Brian Baggoo
Manager

2 Water Square
Falmouth
Trelawny

Service Quality Mgr.
- Keron Young

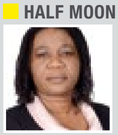
HAGLEY PARK

Patricia Cole
Manager

211 Hagley Park Road
Kingston 11
St. Andrew

Service Quality Mgr.
- Lourine Martin

HALF MOON



Janet Reid
Relationship Manager

Half Moon
Shopping Village
St. James

Service Quality Mgr.
- Angella Peterkin-Raymond

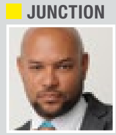
HALF WAY TREE

Maxine McKenzie
Manager

94 Half Way Tree Road
Kingston 10
St. Andrew

Service Quality Mgr.
- Pamella Harrison (Actg.)

JUNCTION

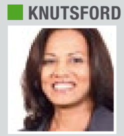


Duwayne Wiggan
Relationship Manager

Junction
St. Elizabeth

Service Quality Mgr.
- Tracy Senior

KNUTSFORD BOULEVARD



Donna Clarke
Manager

1-7 Knutsford Boulevard
Kingston 5
St. Andrew

Service Quality Mgr.
- Kevin McDonald

LINSTEAD

Dean Simpson
Manager

29 King Street
Linstead
St. Catherine

Service Quality Mgr.
- Yvonne Stone

LUCEA

Kelvin Hall
Manager

Main Street
Lucea
Hanover

Service Quality Mgr.
- Judith Lynch

MANDEVILLE

Stuart Barnes
Manager

6 Perth Road
Mandeville
Manchester

Service Quality Mgr.
- Karlene Harrison (Actg.)

MANOR CENTRE

Jacqueline Mighten
Manager

Manor Park Plaza
184 Constant Spring Road
Kingston 8
St. Andrew

Service Quality Mgr.
- Charmaine Oudith

MANOR CENTRE
(REPORTS TO MANOR PARK)

195 Constant Spring Road
Kingston 8
St. Andrew

MATILDA'S CORNER

Lloyd Richardson
Manager

15 Northside Plaza,
Kingston 6
St. Andrew

Service Quality Mgr.
- Ann-Marie Mason

MAY PEN

Laurie Spencer
Manager

41 Main Street
May Pen
Clarendon

Service Quality Mgr.
- Marjorie Bish

MORANT BAY

Neil Campbell
Manager

39 Queen Street
Morant Bay
Thomas

Service Quality Mgr.
- Paulette Forsythe

NEGRIL

Kanhai Skeen
Manager

Sunshine Village Complex
West End Road
Negril
Westmoreland

Service Quality Mgr.
- Patricia Hudson-Buck

OCHO RIOS

Prince Myers
Manager

40 Main Street
Ocho Rios
St. Ann

Service Quality Mgr.
- Peta-Gay Rodney

OLD HARBOUR

Barbara Cohen
Manager (Actg.)

Cnr. South & West Street
Old Harbour
St. Catherine

Service Quality Mgr.
- Delene May

OXFORD PLACE

Darcy Parkins
Manager

2 Oxford Road
Kingston 5

Service Quality Mgr.
- Patricia Hall-Todd

PORT ANTONIO

Janice McKenzie
Manager

1 Gideon Avenue
Port Antonio
Portland

Service Quality Mgr.
- Janice McKenzie

PORT MARIA

Leon Drysdale
Relationship Manager

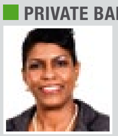
8 Main Street
Port Maria
St. Mary

Service Quality Mgr.
- Andrew Walters

PORTMORE
Karen Young
Manager

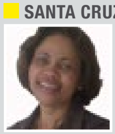
Lot 13-14 West Tradeway
Portmore Town Centre
St. Catherine

Service Quality Mgr.
- Lesbia Gayle (Actg.)

PRIVATE BANKING

Audrey McIntosh
Manager

The Atrium
32 Trafalgar Road
Kingston 10
St. Andrew

Service Quality Mgr.
- Lorna Jaddoo

SANTA CRUZ

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St. Elizabeth

Service Quality Mgr.
- Ann-Marie Pinto

SAVANNA-LA-MAR

Kevin Walker
Manager

68 Great George Street
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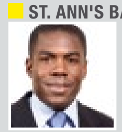
Westmoreland

Service Quality Mgr.
- Joan Graveney-Grizzle

SPALDING
(REPORTS TO CHRISTIANA)

Spalding
Manchester

ST. ANN'S BAY

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Manager

19-21 Main Street
St. Ann's Bay
St. Ann

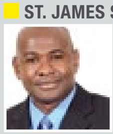
Service Quality Mgr.
- Denise Wallace

JAGO SHOPPING CENTRE

Xavier Allen
Manager

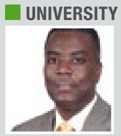
St. Jago Shopping Centre
Burke Road,
Spanish Town,
St. Catherine

Service Quality Mgr.
- Maxine Johnson

ST. JAMES STREET

Wayne Hunter
Manager

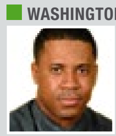
41 St. James Street
Montego Bay
St. James

Service Quality Mgr.
- Andrea Allen-Phillips

UNIVERSITY (UWI)

Dwight Hyde
Manager

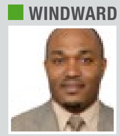
Mona Campus
Kingston 7
St. Andrew

Service Quality Mgr.
- Jacqueline Roberts

WASHINGTON BOULEVARD

Desron Graham
Relationship Manager

45 Elma Crescent
Kingston 20
St. Andrew

Service Quality Mgr.
- Norda Lewis-Harris

WINDWARD ROAD

Anthony Butler
Relationship Manager

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- Roxanne Nugent

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Design: Graphics & Production Unit - **Group Marketing & Communications**

Photography: Jeremy Francis
Franz Marzouca I Paul Mullings

Auditors:
PricewaterhouseCoopers

Printed in Jamaica:
Lithographic Printers Ltd.

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