

SECOND QUARTER 2016 EARNINGS RELEASE

April 28, 2016 – The Board of Directors is pleased to release the following financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the six months ended March 31, 2016.

Financial Results Highlights

For the six months ended March 31, 2016, NCBJ reported net profit of **\$6.0 billion** or **\$2.44** per stock unit.

	Six months ended March 31, 2016	Six months ended March 31, 2015	Quarter ended March 31, 2016	Quarter ended March 31, 2015
Net profit (\$'000)	5,995,139	5,401,098	3,600,029	3,268,027
Earnings per stock unit (\$)	\$2.44	\$2.19	\$1.47	\$1.32
Cost to income ratio (%)	68.8%	66.0%	65.0%	60.4%
Return on average total assets (%)	2.2%	2.2%	2.6%	2.6%
Return on average stockholders' equity (%)	13.3%	13.0%	16.0%	15.8%

Six months ended March 31, 2016 compared with the six months ended March 31, 2015

- Net profit of \$6.0 billion, an increase of \$594 million or 11.0%.
- Earnings per stock unit of \$2.44, increased by \$0.25 cents.
- Cost to income ratio increased to 68.8%, from 66.0%.
- Total assets of \$555.6 billion, grew by 13.7%, or \$67.0 billion.
- Return on average total assets remained flat at 2.2%.
- Total stockholders' equity of \$92.2 billion, increased by 9.8%, or \$8.2 billion.
- Return on average stockholders' equity of 13.3%, increased from 13.0%.
- Net loans of \$172.7 billion, grew by \$14.8 billion, or 9.4%.
- Customer deposits of \$251.0 billion, increased by \$41.0 billion, or 19.5%.

Three months ended March 31, 2016 compared with the three months ended March 31, 2015

- Net profit of \$3.6 billion, an increase of 10.2%, or \$332 million.
- Cost to income ratio increased to 65.0%, from 60.4%.
- Return on average total assets remained flat at 2.6%.
- Return on average stockholders' equity of 16.0%, up from 15.8%.

Three months ended March 31, 2016 compared with the three months ended December 31, 2015

- Net profit of \$3.6 billion, an increase of 50.3%, or \$1.2 billion (December's quarter included asset tax charges of \$1.0 billion).
- Cost to income ratio decreased to 65.0%, from 72.7%.
- Return on average total assets of 2.6%, up from 1.8%.
- Return on average stockholders' equity of 16.0%, up from 10.9%.

Our continued focus on our strategic imperatives has led to improved performance for the first half of the financial year. The results are supported by strong growth in our core business portfolios. We anticipate a steady performance for the second half of the financial year as we pursue our strategic objectives and implement various initiatives under our digitisation agenda.

Financial performance

Operating income

For the six months ended March 31, 2016, operating income increased by 8.6%, or \$2.0 billion, when compared with the six months ended March 31, 2015, mainly as a result of:

- Net interest income increasing by 9.4%, or \$1.2 billion, due to growth in the net loans and investment securities portfolios and a reduction in interest expenses driven by the decline in the repurchase agreements portfolio.
- Premium income growing by \$687 million, or 18.5%, due to higher levels of life insurance (individual and group) and annuity contracts.
- Net fee and commission income increasing by 7.9%, or \$384 million, mainly due to credit related fees from the growth in the loan portfolio and corporate finance and unit trust commissions arising from growth in those product lines.

Operating expenses

Operating expenses increased by 10.8%, or \$1.8 billion, over the six months ended March 31, 2015. This was mainly due to:

- Policyholders' and annuitants' benefits and reserves, up by \$977 million, or 51.0%, due to increased actuarial reserves related to life insurance and annuity contracts sold.
- Staff costs increasing by 9.4%, or \$593 million. This was due to negotiated increases in salaries, wages, allowances & benefits for the 2015/2016 financial year, and 2014/2015 staff benefits paid during the first quarter.
- Other operating expenses, up by \$366 million, or 5.5%, due to technical, consultancy and professional charges, licensing and processing fees.

Loans and advances

Loans and advances, which totalled \$172.7 billion (net of provision for credit losses) as at March 31, 2016, grew by 9.4%, or \$14.8 billion, compared to the loan portfolio as at March 31, 2015. This was driven by growth in all our segments' portfolios, led by an 11.5% increase in the Retail Banking portfolio. Non-performing loans totalled \$8.5 billion as at March 31, 2016 (\$8.8 billion as at March 31, 2015) and represented 4.8% of the gross loans compared to 5.4% as at March 31, 2015. The regulatory provision coverage at March 31, 2016 was 119.5% of non-performing loans compared to 117.9% at March 31, 2015.

Deposits

Customer deposits were \$251.0 billion, up 19.5% or \$41.0 billion over the prior year. This was driven by growth in our savings, current accounts and fixed deposit portfolios, which increased by 20.5%, 25.5% and 11.8% respectively, over the prior year.

Financial performance (continued)

Capital

The Group's stockholders' equity was \$92.2 billion as at March 31, 2016, up 9.8% over the prior year. Our capital position remains strong and our individual companies continue to meet their respective capital/key regulatory requirements.

<u>Company</u>	<u>Key regulatory ratios</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.9%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	35.7%	36.6%
NCB Insurance Company Limited	Minimum continuing capital surplus ratio [Minimum requirement – 150.0%]	583.9%	681.3%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	351.1%	311.0%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	18.8%	20.6%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	30.1%	38.2%

Dividends

The Board of Directors, at its meeting on April 28, 2016, declared an interim dividend of **\$0.50** per ordinary stock unit. The dividend is payable on May 27, 2016 for stockholders on record as at May 13, 2016.

Business highlights

- Global Finance adjudged NCBJ to be the Jamaica country winner of the **World's Best Private Banks for 2015** and the **World's Best Bank for 2016** awards. Global Finance is headquartered in New York and regularly selects top performers among banks and other providers of financial services and these awards have become a trusted standard of excellence for the global financial community.
- We hosted an E-Commerce Summit for small and medium enterprises (SMEs) in March. The summit was aimed at equipping SMEs with the knowledge to develop, manage and maintain their businesses' commerce online.
- Season 2 of NCB Capital Quest premiered on Television Jamaica (TVJ) on Tuesday, April 19th at 8:30 p.m. The programme showcases small and medium enterprises (SMEs) looking to expand their business locally or globally or have intentions to list on a stock exchange in the near future, competing for a chance to win an equity investment of up to \$50 million.

Segment performance for the six months ended March 31, 2016

Commercial banking activities, comprising the Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments, produced combined operating profits of \$4.6 billion for the six months ended March 31, 2016, an increase of 6.9%, or \$299 million, when compared to the six months ended March 31, 2015. Our Treasury & Correspondent Banking segment was the largest contributor to operating profit for the period.

<u>Segment</u>	<u>Operating Profit six months ended March 31, 2016 (\$'000)</u>	<u>Operating Profit six months ended March 31, 2015 (\$'000)</u>	<u>Comments</u>
Retail & SME	319	607	<ul style="list-style-type: none"> • \$288 million, or 47.5%, decrease from prior year. • 3.7% contribution to segment operating profit. • Operating expenses and allocated costs grew by \$462 million and \$345 million, respectively, primarily as a result of higher staff costs and technical, consultancy and professional charges. This was partially offset by operating income increasing by \$519 million over the prior year due to higher levels of interest income.
Payment Services	966	733	<ul style="list-style-type: none"> • \$233 million, or 31.8%, increase over prior year. • 11.3% contribution to segment operating profit. • Operating expenses decreased by \$276 million or 15.8% due to the reversal of non-credit provisions and lower provisions for credit losses.
Corporate Banking	923	574	<ul style="list-style-type: none"> • \$349 million, or 61.0%, increase over prior year. • 10.8% contribution to segment operating profit. • Increased operating income of \$388 million as a result of higher net interest income due to a reduction in interest expenses and increased net fee and commission income.
Treasury & Correspondent Banking	2,417	2,412	<ul style="list-style-type: none"> • \$5 million, or 0.2%, increase over prior year. • 28.4% contribution to segment operating profit. • Operating income increased by 2.1%.
Wealth, Asset Management & Investment Banking	1,712	1,563	<ul style="list-style-type: none"> • \$149 million, or 9.6%, improvement over prior year. • 20.1% contribution to segment operating profit. • Operating income up by \$294 million or 11.3% resulting from increased net interest income as a result of a reduction in interest expenses from a reduction in the repo portfolio and growth in unit trust and corporate finance fees. These were partially offset by increased operating expenses of \$145 million or 13.9%.
Life Insurance & Pension Fund Management	1,701	1,616	<ul style="list-style-type: none"> • \$85 million, or 5.3%, increase over prior year. • 20.0% contribution to segment operating profit. • Operating income grew by 28.9% million due to increased premium income from growth in sales of annuity contracts and individual and group life products, while operating expenses increased by 58.9% due to increased policyholders' and annuitants' benefits and reserves from the insurance contracts sold.
General Insurance	479	612	<ul style="list-style-type: none"> • \$133 million, or 21.7%, decrease from prior year. • 5.7% contribution to segment operating profit. • Operating income declined by \$58 million or 1.8% and operating expenses grew by \$75 million.

Corporate Social Responsibility

The N.C.B. Foundation continued to focus primarily on education, community development, sports, youth leadership and entrepreneurship. The Foundation through the Jamaican Education Initiative (JEI) donated over \$25 million for the half year in support of various initiatives financed by 0.50% of prior year personal Keycard sales, as well as 0.50% of the Bank's prior year profits.

Education

Education is regarded as an instrument of change and development and it continues to be the main area of focus through which support is made to assist with academic fees, equipment and infrastructural projects and general educational programmes.

Our Adopt a School programme continues for the 31 adopted primary schools across Jamaica where they benefit from projects being administered by NCBJ branches and offices through treats, training programmes, mentoring, creation of reading corners and library upgrades. During the quarter, as part of this programme, St Aloysius Primary benefited from a fully refurbished library to serve the school community. In addition, partnerships were renewed with the Jamaica Environment Trust to execute the annual Schools' Environment programme. New partnerships were forged with Pelican Publishers to publish the book of Jamaica's youngest author, Shaun Brown Jr., titled "The Candle and the Bear and Other Stories".

Throughout the quarter, academic grants were provided to students who continue to experience challenges meeting their financial obligations for studies. In addition, book vouchers were issued to the students of two families who lost their dwellings to fire.

Sports and Community Development

Building stronger community relations is a focus of the Foundation and branches across the group continue to demonstrate this through supporting community level programmes in schools, civic groups, churches and local charities.

In the area of sports new partnerships with the Jamaica Volleyball Association to support the Venus Volleyball Youth Clinic and the Jamaica Cricket Association's National Under-15 Development Programme were formed. In addition to other institutions, the Metcalfe Street Juvenile Correctional Facility received funding to stage its annual sports day for male juveniles between the ages of 12 to 17 years old.

Health facilities inclusive of the Victoria Jubilee Hospital, Princess Margaret Hospital and Kingston Public Hospital received financial assistance with their upgrade and equipment installation projects.

Youth Leadership & Entrepreneurship

For the second year, we funded the University of Technology's annual Business Model Competition Finals as we continue to promote innovation and entrepreneurial development in this segment. We partnered with the Central Jamaica Youth Leadership Breakfast hosted by Thelkar Communications Ltd. in the Western region which provided a platform for developing a rounded individual.

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

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



ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Unaudited Consolidated Income Statement

Six months ended March 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter ended	Quarter ended	Year to date	Quarter ended	Year to date
	March 31	December 31	March 31	March 31	March 31
	2016	2015	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income					
Interest income	9,713,543	9,726,230	19,439,773	9,277,176	18,966,099
Interest expense	(2,634,310)	(2,690,463)	(5,324,773)	(2,878,258)	(6,061,661)
Net interest income	7,079,233	7,035,767	14,115,000	6,398,918	12,904,438
Fee and commission income	3,311,533	3,187,077	6,498,610	2,820,293	5,917,277
Fee and commission expense	(707,846)	(562,193)	(1,270,039)	(561,638)	(1,072,311)
Net fee and commission income	2,603,687	2,624,884	5,228,571	2,258,655	4,844,966
Gain on foreign currency and investment activities	1,200,107	614,227	1,814,334	1,075,895	1,993,847
Premium income	2,046,660	2,347,682	4,394,342	1,871,286	3,707,796
Dividend income	21,509	36,187	57,696	26,068	63,814
Other operating income	32,890	19,938	52,828	42,991	120,123
	3,301,166	3,018,034	6,319,200	3,016,240	5,885,580
	12,984,086	12,678,685	25,662,771	11,673,813	23,634,984
Operating expenses					
Staff costs	3,451,171	3,461,618	6,912,789	3,300,282	6,320,127
Provision for credit losses	322,323	424,418	746,741	352,666	939,861
Policyholders' and annuitants' benefits and reserves	1,439,854	1,453,348	2,893,202	695,582	1,916,158
Depreciation and amortisation	450,070	434,064	884,134	397,168	747,558
Impairment losses on securities	-	-	-	-	88,554
Other operating expenses	3,101,371	3,871,947	6,973,318	2,656,835	6,607,805
	8,764,789	9,645,395	18,410,184	7,402,533	16,620,063
Operating profit	4,219,297	3,033,290	7,252,587	4,271,280	7,014,921
Share of profit of associates	119,027	139,377	258,404	150,582	305,383
Profit before taxation	4,338,324	3,172,667	7,510,991	4,421,862	7,320,304
Taxation	(738,295)	(777,557)	(1,515,852)	(1,153,835)	(1,919,206)
NET PROFIT	3,600,029	2,395,110	5,995,139	3,268,027	5,401,098
Earnings per stock unit (expressed in \$ per share)					
Basic and diluted	1.47	0.97	2.44	1.32	2.19

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended March 31 2016 \$'000	Quarter ended December 31 2015 \$'000	Year to date March 31 2016 \$'000	Quarter ended March 31 2015 \$'000	Year to date March 31 2015 \$'000
Net Profit	3,600,029	2,395,110	5,995,139	3,268,027	5,401,098
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	(76,601)	(69,963)	(146,564)	(48,611)	(65,786)
	3,523,428	2,325,147	5,848,575	3,219,416	5,335,312
Items that may be subsequently reclassified to profit or loss					
Currency translation gains	42,871	50,426	93,297	4,049	71,353
Unrealised gains/(losses) on available-for-sale investments	2,358,726	(897,613)	1,461,113	416,567	952,464
Realised fair value gains on sale and maturity of available-for-sale investments	(132,258)	(120,747)	(253,005)	(387,235)	(732,608)
	2,269,339	(967,934)	1,301,405	33,381	291,209
Total other comprehensive income	2,192,738	(1,037,897)	1,154,841	(15,230)	225,423
TOTAL COMPREHENSIVE INCOME	5,792,767	1,357,213	7,149,980	3,252,797	5,626,521

National Commercial Bank Jamaica Limited

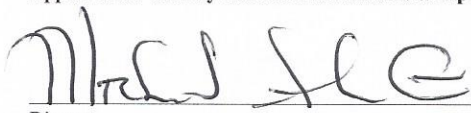
Unaudited Consolidated Statement of Financial Position

March 31, 2016


(expressed in Jamaican dollars unless otherwise indicated)


	March 31 2016 \$'000	September 30 2015 \$'000	March 31 2015 \$'000
ASSETS			
Cash in hand and balances at Central Banks	32,817,325	28,875,090	30,747,479
Due from other banks	24,882,679	24,064,233	18,064,819
Derivative financial instruments	266,707	486,783	443,378
Investment securities at fair value through profit or loss	936,213	943,184	337,233
Reverse repurchase agreements	3,016,622	2,148,117	2,202,010
Loans and advances, net of provision for credit losses	172,708,736	165,404,606	157,914,291
Investment securities classified as available-for-sale and loans and receivables	194,493,788	166,019,274	127,780,823
Pledged assets	98,104,744	110,659,584	125,743,311
Investment in associates	6,039,055	6,307,220	6,031,610
Investment properties	664,917	475,500	475,500
Intangible assets	3,057,253	2,812,563	2,567,024
Property, plant and equipment	8,023,214	8,030,877	7,740,150
Deferred income tax assets	144,648	70,242	28,876
Income tax recoverable	1,617,862	902,435	2,023,659
Customers' liability - letters of credit and undertaking	2,141,764	1,775,088	1,458,127
Other assets	6,700,083	4,840,365	5,080,202
Total assets	555,615,610	523,815,161	488,638,492
LIABILITIES			
Due to other banks	6,671,482	6,146,366	11,221,931
Customer deposits	250,951,727	227,850,985	209,957,010
Repurchase agreements	100,860,473	100,004,008	112,087,158
Obligations under securitisation arrangements	45,408,761	44,292,064	14,231,900
Derivative financial instruments	60,371	52,794	-
Other borrowed funds	9,063,688	8,595,313	8,545,446
Income tax payable	-	181,084	1,810
Deferred income tax liabilities	1,695,665	1,793,557	1,989,488
Liabilities under annuity and insurance contracts	35,835,015	34,689,274	34,693,627
Provision for litigation	-	1,500	1,500
Post-employment benefit obligations	3,284,759	2,940,888	2,404,741
Liability - letters of credit and undertaking	2,141,764	1,775,088	1,458,127
Other liabilities	7,421,362	7,098,029	8,044,631
Total liabilities	463,395,067	435,420,950	404,637,369
STOCKHOLDERS' EQUITY			
Share capital	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	4,066,726	2,765,321	2,862,214
Loan loss reserve	5,713,300	5,706,122	5,568,101
Banking reserve fund	6,527,091	6,518,648	6,512,634
Retained earnings reserve	23,240,000	20,810,000	19,935,000
Retained earnings	46,211,083	46,131,777	42,660,831
Total stockholders' equity	92,220,543	88,394,211	84,001,123
Total stockholders' equity and liabilities	555,615,610	523,815,161	488,638,492

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


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee Share Scheme	Fair value and capital reserves	Loan loss reserve	Banking reserve fund	Retained earnings reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2014	6,465,731	(3,388)	2,571,005	5,375,901	6,512,634	19,430,000	41,494,500	81,846,383
Total comprehensive income	-	-	291,209	-	-	-	5,335,312	5,626,521
Dividends paid	-	-	-	-	-	-	(3,471,781)	(3,471,781)
Transfer to Loan loss reserve	-	-	-	192,200	-	-	(192,200)	-
Transfer to Retained earnings reserve	-	-	-	-	-	505,000	(505,000)	-
Balance at March 31, 2015	6,465,731	(3,388)	2,862,214	5,568,101	6,512,634	19,935,000	42,660,831	84,001,123
Balance at October 1, 2015	6,465,731	(3,388)	2,765,321	5,706,122	6,518,648	20,810,000	46,131,777	88,394,211
Total comprehensive income	-	-	1,301,405	-	-	-	5,848,575	7,149,980
Dividends paid	-	-	-	-	-	-	(3,323,648)	(3,323,648)
Transfer to Banking reserve fund	-	-	-	-	8,443	-	(8,443)	-
Transfer to Loan loss reserve	-	-	-	7,178	-	-	(7,178)	-
Transfer to Retained earnings reserve	-	-	-	-	-	2,430,000	(2,430,000)	-
Balance at March 31, 2016	6,465,731	(3,388)	4,066,726	5,713,300	6,527,091	23,240,000	46,211,083	92,220,543

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	March 31	March 31
	2016	2015
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	5,995,139	5,401,098
Adjustments to reconcile net profit to net cash provided by operating activities	9,983,865	(14,752,433)
Net cash provided by/(used in) provided by operating activities	<u>15,979,004</u>	<u>(9,351,335)</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(523,165)	(949,977)
Acquisition of intangible asset - computer software	(592,056)	(357,528)
Proceeds from disposal of property, plant and equipment	4,405	93,397
Dividends received from associates	81,468	68,605
Purchases of investment securities	(108,813,521)	(74,605,671)
Sales/maturities of investment securities	96,453,471	85,655,404
Net cash (used in)/provided by investing activities	<u>(13,389,398)</u>	<u>9,904,230</u>
Cash Flows from Financing Activities		
Proceeds from other borrowed funds	1,655,241	553,549
Repayments of other borrowed funds	(1,286,341)	(4,068,618)
Due to other banks	490,212	2,129,340
Dividends paid	(3,323,648)	(3,471,781)
Net cash used in financing activities	<u>(2,464,536)</u>	<u>(4,857,510)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,059,531</u>	<u>(93,398)</u>
Net increase/(decrease) in cash and cash equivalents	1,184,601	(4,398,013)
Cash and cash equivalents at beginning of period	28,879,720	28,246,559
Cash and cash equivalents at end of period	<u>30,064,321</u>	<u>23,848,546</u>
Comprising:		
Cash in hand and balances at Central Banks	6,309,249	8,015,646
Due from other banks	24,389,395	17,813,183
Reverse repurchase agreements	844,548	1,971,540
Investment securities	1,450,000	1,440,000
Due to other banks	(2,928,871)	(5,391,823)
	<u>30,064,321</u>	<u>23,848,546</u>

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2016

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	7,567,358	4,904,551	3,080,609	5,004,598	4,469,811	4,113,444	3,030,900	86,312	-	32,257,583
Revenue from other segments	1,252,550	-	17,860	1,726,230	304,123	64,367	90,880	30,959	(3,486,969)	-
Total revenue	8,819,908	4,904,551	3,098,469	6,730,828	4,773,934	4,177,811	3,121,780	117,271	(3,486,969)	32,257,583
Interest income	6,989,306	1,816,644	2,582,503	5,500,065	3,790,581	1,517,243	414,254	12,514	(3,183,458)	19,439,652
Interest expense	(792,612)	(585,500)	(1,402,736)	(3,387,556)	(1,871,178)	(457,370)	-	(368)	3,183,458	(5,313,862)
Net interest income	6,196,694	1,231,144	1,179,767	2,112,509	1,919,403	1,059,873	414,254	12,146	-	14,125,790
Net fee and commission income	1,688,530	1,794,107	482,713	170,645	383,382	595,662	72,987	5,140	(45,519)	5,147,647
Gain on foreign currency and investment activities	87,127	10,249	25,709	968,471	549,327	67,683	63,464	66,517	(26,883)	1,811,664
Premium income	-	-	-	-	-	1,976,838	2,541,466	-	(123,962)	4,394,342
Other income	2,983	(1,273)	344	87,760	45,332	20,385	29,609	33,101	(132,189)	86,052
Total operating income	7,975,334	3,034,227	1,688,533	3,339,385	2,897,444	3,720,441	3,121,780	116,904	(328,553)	25,565,495
Staff costs	2,994,532	275,821	109,519	87,630	432,287	383,157	483,144	37,175	(56,427)	4,746,838
Provision for credit losses	414,082	333,493	(5,928)	-	4,836	-	-	-	-	746,483
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,164,454	1,728,748	-	-	2,893,202
Depreciation and amortisation	119,506	120,761	3,532	22,990	16,087	38,853	35,742	130	35,821	393,422
Other operating expenses	1,689,278	741,911	323,370	647,775	731,983	432,538	395,002	8,629	(187,468)	4,783,018
Total operating expense	5,217,398	1,471,986	430,493	758,395	1,185,193	2,019,002	2,642,636	45,934	(208,074)	13,562,963
Operating profit before allocated costs	2,757,936	1,562,241	1,258,040	2,580,990	1,712,251	1,701,439	479,144	70,970	(120,479)	12,002,532
Allocated costs	(2,439,252)	(596,022)	(334,670)	(164,297)	-	-	-	-	-	(3,534,241)
Operating profit	318,684	966,219	923,370	2,416,693	1,712,251	1,701,439	479,144	70,970	(120,479)	8,468,291
Unallocated corporate expenses										(1,215,704)
Share of profit of associates										258,404
Profit before taxation										7,510,991
Taxation										(1,515,852)
Net Profit										5,995,139
Segment assets	203,903,822	16,983,535	70,693,302	177,583,778	153,092,661	41,980,276	13,923,851	1,094,543	(132,298,338)	546,957,430
Associates										6,039,055
Unallocated assets										2,619,125
Total assets										555,615,610
Segment liabilities	183,797,020	9,566,357	56,235,077	169,437,006	128,955,110	28,758,844	8,699,989	777,217	(124,738,446)	461,488,174
Unallocated liabilities										1,906,893
Total liabilities										463,395,067
Capital expenditure	453,166	297,859	49,360	21,943	128,100	60,626	95,208	8,959	-	1,115,221

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2015

	Consumer & SME									Consolidated \$'000
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	7,331,391	4,827,479	2,888,862	5,058,509	4,271,805	3,278,834	3,054,829	57,247	-	30,768,956
Revenue from other segments	1,239,866	-	24,339	2,003,651	463,932	60,513	124,549	30,348	(3,947,198)	-
Total revenue	8,571,257	4,827,479	2,913,201	7,062,160	4,735,737	3,339,347	3,179,378	87,595	(3,947,198)	30,768,956
Interest income	6,798,444	1,853,213	2,586,467	5,751,242	3,779,414	1,487,836	372,977	13,309	(3,680,281)	18,962,621
Interest expense	(1,039,077)	(719,016)	(1,601,807)	(3,786,169)	(2,130,881)	(452,586)	-	(129)	3,680,281	(6,049,384)
Net interest income	5,759,367	1,134,197	984,660	1,965,073	1,648,533	1,035,250	372,977	13,180	-	12,913,237
Net fee and commission income	1,612,977	1,870,571	296,529	138,671	191,404	576,796	106,200	4,939	(23,842)	4,774,245
Gain/(Loss) on foreign currency and investment activities	78,274	8,036	19,342	1,086,802	721,644	70,146	(225)	37,293	(26,506)	1,994,806
Premium income	-	-	-	-	-	1,181,443	2,669,049	-	(142,696)	3,707,796
Other income	5,694	1,759	351	79,771	41,837	23,126	31,377	32,055	(116,742)	99,228
Total operating income	7,456,312	3,014,563	1,300,882	3,270,317	2,603,418	2,886,761	3,179,378	87,467	(309,786)	23,489,312
Staff costs	2,738,584	262,344	77,920	82,861	323,723	372,137	398,972	39,085	(17,649)	4,277,977
Provision for credit losses	444,447	483,603	13,660	-	-	-	-	-	-	941,710
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	243,478	1,672,680	-	-	1,916,158
Depreciation and amortisation	94,996	101,215	3,604	20,232	21,025	26,360	36,624	700	35,821	340,577
Impairment losses on securities	-	-	-	-	47,108	41,446	-	-	-	88,554
Other operating expenses	1,476,683	900,775	349,930	617,685	648,624	586,925	459,160	10,208	(190,662)	4,859,328
Total operating expense	4,754,710	1,747,937	445,114	720,778	1,040,480	1,270,346	2,567,436	49,993	(172,490)	12,424,304
Operating profit before allocated costs	2,701,602	1,266,626	855,768	2,549,539	1,562,938	1,616,415	611,942	37,474	(137,296)	11,065,008
Allocated costs	(2,094,337)	(533,362)	(282,193)	(137,892)	-	-	-	-	-	(3,047,784)
Operating profit	607,265	733,264	573,575	2,411,647	1,562,938	1,616,415	611,942	37,474	(137,296)	8,017,224
Unallocated corporate expenses										(1,002,303)
Share of profit of associates										305,383
Profit before taxation										7,320,304
Taxation										(1,919,206)
Net Profit										5,401,098
Segment assets	173,615,065	14,443,672	67,006,587	165,778,717	124,509,119	38,867,910	12,405,629	991,496	(117,827,357)	479,790,838
Associates										6,031,610
Unallocated assets										2,816,044
Total assets										488,638,492
Segment liabilities	161,147,542	9,251,968	53,906,461	149,241,885	103,486,931	26,998,911	8,673,387	149,110	(110,567,743)	402,288,452
Unallocated liabilities										2,348,917
Total liabilities										404,637,369
Capital expenditure	732,049	302,313	50,293	12,250	64,099	72,589	61,931	11,981	-	1,307,505

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited ("the Bank") is incorporated in Jamaica and licensed under the Banking Services Act, 2014. The Bank is a 51.23% (March 31, 2015 – 47.92%) subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Bank.

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

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

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

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

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the six months ended March 31, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2015 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities, investment securities at fair value through profit or loss, derivative contracts and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2015.

3. Segment reporting

The Group is organised into the following business segments:

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

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

Unallocated assets and liabilities

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

Direct allocated costs and unallocated corporate expenses

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

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

Eliminations

Eliminations comprise inter-company and inter-segment transactions.

4. Proposed acquisition

At the end of November 2015, the Group finalised an agreement to purchase a 29.99% stake in Guardian Holdings Limited. This will be done through a private sale of shares. The successful completion of this transaction is subject to the satisfaction of all conditions, including the granting of all necessary regulatory approvals in Jamaica, Trinidad & Tobago and other relevant jurisdictions. The approvals in Jamaica and Trinidad & Tobago have been obtained, but a few others remain to be received, following which it is expected that the transaction will be completed.

**Interest/Ownership of Securities by Directors and Senior Managers in National Commercial Bank Jamaica
Limited as at March 31, 2016**

Directors	Total	Direct	Connected Parties
Robert Almeida	186,939	186,939	0
Wayne Chen	1,302,655,749	14,044	1,302,641,705
Dennis Cohen *	73,039,457	86,480	72,952,977
Sandra Glasgow *	73,025,026	75,049	72,949,977
Sanya Goffe	4,340	4,340	0
Hon. Noel Hylton, OJ, CD	354,074	14,044	340,030
Patrick Hylton, CD	930,902	930,902	0
Hon. Michael Lee-Chin, OJ	1,603,353,388	2,254,000	1,601,099,388
Thalia Lyn, OD *	73,118,509	153,412	72,965,097
Oliver Mitchell, Jr.	0	0	0
Prof. Alvin Wint	88,144	88,144	0
Dave Garcia (Company Secretary)	11,210	11,210	0
Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Lennox Channer	354	0	354
Dennis Cohen *	73,039,457	86,480	72,952,977
Euton Cummings	0	0	0
Damian Duncan	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Peter Higgins	0	0	0
Andre Ho Lung	0	0	0
Patrick Hylton, CD	930,902	930,902	0
Vernon James	0	0	0
Gabrielle Kelly	0	0	0
Winston Lawson	98,318	98,318	0
Ramon Lewis	30,000	30,000	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Novar McDonald			
Anne McMorris Cover	940	940	0
Garfield Palmer	0	0	0
Marva Peynado	52,338	52,338	0
Janelle Prevost	0	0	0
Norman Reid	15,934	15,934	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriquez	42,147	42,147	0
Malcolm Sadler	0	0	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Warrick Ward	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	0	0	0
Allison Wynter *	73,050,766	100,789	72,949,977
Angus Young	0	0	0

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

10 Largest Shareholders of National Commercial Bank Jamaica Limited as at March 31, 2016

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,263,624,844	51.23%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	79,106,905	3.21%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Ideal Portfolio Services Company Limited	55,114,698	2.23%
AIC Global Holdings Inc.	49,565,238	2.01%
Portland (Barbados) Limited	38,178,106	1.55%
SJIML A/C 3119	32,137,100	1.30%
Beta SPV Limited	21,000,000	0.85%
Neon Liberty Lorikeet Master Fund LP	19,321,560	0.78%

Shareholder Profile of National Commercial Bank Jamaica Limited as at March 31, 2016

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	51.23%	51.23%	1,263,624,844
1	6 - 10%	9.01%	222,372,000
6	1 - 4%	12.85%	317,091,203
36,483	Less than 1%	26.91%	663,674,781
36,491		100.00%	2,466,762,828