

Financial Results for Q/E March 31, 2003

The Board of Directors of the Bank has today released the following unaudited results of the banking group for the quarter and six months ended March 31 2003.

	QUARTER ENDED 31.03.03	6 MTHS ENDED 31.03.03	QUARTER ENDED 31.03.02	6 MTHS ENDED 31.03.02
	J\$'M	J\$'M	J\$'M	J\$'M
REVENUE	4,731	8,644	3,595	7,014
EXPENSES	(4,251)	(7,906)	(3,357)	(6,580)
Operating Profit	480	738	238	434
Exceptional Items	563	756	-	-
Profit before Tax	1,043	1,494	238	434
Taxation	(13)	(25)	(11)	(23)
Profit after Taxation	1,030	1,469	227	411
Minority interest in results of subsidiaries	-	-	(10)	(26)
NET PROFIT	1,030	1,469	217	385
EARNINGS PER STOCK UNIT	\$0.42	\$0.60	\$0.09	\$0.16

Net Profit of the Banking Group for the six-month period ended March 31 2003 was J\$1.47 Billion compared to J\$385Million for the same period in the previous year. This performance was significantly affected by gain on sale of investments and unrealised foreign exchange gains.

Highlights are as follows:

- Return on average equity was 25.7% compared to 8.35% for the six months ended March 2002.
- The ratio of non-interest expenses to operating income was 83% compared to 85.7% for the same period in the previous year.

- Dividend per share was 39 cents compared to 5 cents in the previous year.

REVENUES

The Group's total revenue increased from approximately J\$7.0Billion as at March 31 2002 to approximately J\$8.6Billion as at March 31 2003, an increase of 22.3% due mainly to:

- Growth in income from loans of 53.3%
- Growth in income from foreign exchange trading and unrealised foreign exchange gains of 225%
- Growth in fee and commissions of 17.5%

Operating income (net interest income and non interest income) was approximately J\$4.35Billion compared to J\$3Billion for the corresponding period in the previous year an increase of 43.3%.

NET INTEREST INCOME

Net interest income of J\$2.4Billion increased by 21% due to a 53% increase in loan income and a 6% increase in investment income.

LOAN PORTFOLIO

Loan volume increased by J\$8.9Billion or 82% compared to the corresponding period in the previous year while the non-performing portfolio decreased from J\$1.7Billion to J\$1.5 Billion a reduction of J\$153Million or 9%. Non-performing loans represent 7% of gross loans compared to 12.6% for the same period in the previous year.

As at March 31 2003 total loan loss provision was J\$2Billion or 132% of non-performing loans. The Bank's provisioning policy is in compliance with the Bank of Jamaica's regulations.

BALANCE SHEET

Since March 2002 the Group's assets increased by J\$16.7Billion or 14.9% to J\$128Billion. This increase is mainly attributable to growth in:

- Loans and Advances
- Government of Jamaica securities and repo obligations.

The growth in assets was mainly funded by increases in customers' deposits. **CAPITAL**
At the end of the first half of the financial year stockholders equity stood at J\$12.1Billion an increase of J\$2.7Billion or 28.8% over the same period in the previous year.