

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED “the Bank” AND ITS
SUBSIDIARIES “the Group”**

The Board of Directors has released the following un-audited results for the Group for the quarter and nine months ended June 30 2004.

	QUARTER ENDED 30 06 2004 \$'000	NINE MONTHS ENDED 30 06 2004 \$'000	QUARTER ENDED 30 06 2003 \$'000	NINE MONTHS ENDED 30 06 2003 \$'000
REVENUE	6,191,875	19,136,426	5,608,416	14,228,410
EXPENSE	4,959,421	15,700,775	4,630,951	12,794,048
Operating Profit	1,232,454	3,435,651	977,465	1,434,362
Share of profit of associated companies	29,606	29,606	-	-
Profit before taxation	1,262,060	3,465,257	977,465	1,434,362
Taxation	(285,664)	(593,316)	(111,914)	122,436
Net Profit	976,396	2,871,941	865,551	1,556,798
Earnings per Stock Unit		\$1.16		\$0.63

Net profit for the Group for the nine months ended June 30, 2004 was J\$2.87 billion compared to J\$1.56 billion for the corresponding period in the previous year, an increase of \$1.31 billion, or 85%, in spite of the fact that our tax charge has changed substantially (higher) during the current period. This positive net profit performance was mainly attributable to the continued growth in our core revenues, resulting in a net interest income of \$7.47 billion, an increase of J\$4.25 billion or 133% when compared to the \$3.22 billion for the same period in the previous year.

PERFORMANCE AT A GLANCE

Comparison of Key Ratios

	June 2004	June 2003
Return on Average Equity	26.7%	16.7%
Return on Average Total Asset	2.4%	1.7%
Growth in Revenue	34.5%	25.0%
Cost Income Ratio	62.6%	79.2%
Net Asset Value per Share	\$6.46	\$5.20

Year-to-Date Profit and Loss & Balance Sheet Comparison

	June 2004	June 2003	Variance	
	\$'000	\$'000	\$'000	%
Revenue	19,136,426	14,228,410	4,908,016	34%
Expense	15,700,775	12,794,048	(2,906,727)	(23%)
Net Interest Income	7,473,597	3,218,340	4,255,257	133%
Operating Profit	3,435,651	1,434,362	2,001,289	140%
Profit Before Tax	3,465,257	1,434,362	2,030,895	142%
Tax	(593,316)	122,436	(715,752)	(585%)
Net Profit	2,871,941	1,556,798	1,315,143	85%
Total Assets	167,747,277	135,361,458	32,385,819	24%
Deposits	76,049,366	68,668,340	7,381,026	11%
Equity	15,939,626	11,615,725	4,323,901	38%

REVENUES

Total revenues for the Group increased by J\$4.9 billion or 34% compared to the corresponding nine months of the previous year. The increase in revenues is attributable to the following.

- Growth in income from loans of J\$1.7 billion or 84%.
- Growth in income from securities of J\$4.7 billion or 57%.

Operating income (net interest income and non interest income) of J\$10 billion exceeded the amount for the corresponding period of the previous year of J\$7.2 billion by J\$2.8 billion or 39%.

LOAN PORTFOLIO

One of the major revenue drivers for the Group is loans and advances which increased by J\$6.7 billion or 25% during the nine months ended June 30 2004. The quality of the loan portfolio has improved despite the significant increase in loans and advances. The aggregate amount of non-performing loans amounted to J\$1.47 billion compared to J\$1.503 billion as at September 30 2003. Non-performing loans now represent 4.2% of gross loans compared to 5.3% at September 2003.

As at June 30 2004 provision for credit losses of J\$2.1 billion was 144% of non-performing loans, the same percentage as at September 2003. Provisions for credit losses that exceed the amounts required by International Financial Reporting Standards (IFRS) are credited to a non-distributable reserve - Loan Loss Reserve. As at June 30 2004 the balance in the Loan Loss Reserve was J\$98.2 million. The Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

BALANCE SHEET

The Group's total assets as at the end of the period under review was J\$167.7 billion, J\$22 billion or 15% in excess of the balance as at September 30 2003. This increase in assets is attributable to growth in the following earning assets:

- Loans and advances - J\$6.7 billion or 25%
- Reverse repurchase agreements – J\$14.2 billion or 243%

The asset growth was funded mainly by increases in customers' deposits and repurchase agreements.

CAPITAL

As at June 30 2004 total stockholders equity was J\$15.9 billion, an increase of J\$4.3 billion or 38% when compared to June 2003. National Commercial Bank is one of the best capitalized banks in Jamaica as evidenced by the international benchmark of capital adequacy, the Risk-based Capital Ratio was 20.99% at June 30, 2004 (21.01% at Sept. 30, 2003).

DIVIDENDS

At the Board of Directors meeting held 22 July 2004, an interim dividend of 9 cents per share (total cost J\$222,008,654.52) was approved for the quarter ended 30 June 2004. The dividend is payable on 17 August 2004 for shareholders on record as at 9 August 2004.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment securities held for trading, derivative contracts, investment property and certain fixed assets.

There have been no changes in accounting policies since the most recent annual accounts as at 30 September 2003.

COMMUNITY RELATIONS

In keeping with our commitment to participate in building a better Jamaica, NCB continues to combine a strong social purpose with its business objectives, through our focus on areas such as Education, Social Welfare and Community Development.

As part of the NCB Jamaican Education Initiative (JEI), which provides funding for education-related causes by contributing 1% of purchases using the NCB KEYCARD, an initial funding of \$25M was made towards the Education Grant for the Omni Educator product, offered by NCB Insurance Services Limited. The funding will be used to give Omni Educator beneficiaries a grant equivalent to 20% of the policy's accumulated contractual premium value plus interest, upon enrolment at an accredited local or overseas tertiary institution

In June, NCB was proud to announce the award of Two Hundred (200) scholarships tenable at the University of the West Indies, the University of Technology, Jamaica and the Edna Manley College of the Visual & Performing Arts. These scholarships will provide additional opportunities and resources for Jamaicans to attain tertiary level education

During the period under review, NCB visibly demonstrated its continued support of the “Buy Jamaican, Build Jamaica” campaign through major sponsorship of the JMA/JEA Expo held at the National Arena from May 28th to 30th, 2004. The show, which was being held for the first time in eight years, was a major success and created a high level of awareness for local manufacturers and exporters in the Jamaican economy.

In our continued effort to expose Jamaica’s young talent to the best in the world, a cheque for \$1.5M was presented to the Sports Development Foundation for the sponsorship of the Boys & Girls 4x100 Relay Events at the recent International Track & Field Meet held at the National Stadium.

In April 2004, NCB was the title sponsor of Jamaica’s first official Wellness Exposition held at Eden Gardens. The Bank has also recently launched its own in-house wellness program, which will include the establishment of a fully equipped Employee Wellness Centre.

NCB has embraced a clear vision of nation building and continues to pursue its corporate relations activities around helping to build a better Jamaica.

Consolidated Profit & Loss Account
Nine months Ended 30 June 2004

	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	30 June 2004	30 June 2004	30 June 2003	30 June 2003
	\$'000	\$'000	\$'000	\$'000
Operating Revenue				
Interest income from loans	1,279,394	3,635,308	756,161	1,976,056
Interest income from securities	3,969,088	12,964,220	3,729,483	8,277,646
Total interest income	5,248,482	16,599,528	4,485,644	10,253,702
Interest expense	2,777,614	9,125,931	2,741,774	7,035,362
Net interest income	2,470,868	7,473,597	1,743,870	3,218,340
Net fee and commission income	406,057	1,360,834	361,339	1,297,093
Net trading income	434,334	1,039,912	799,948	2,547,602
Other operating income	103,002	136,152	(38,515)	130,013
	3,414,261	10,010,495	2,866,642	7,193,048
Operating Expenses				
Staff costs	1,058,786	3,322,613	863,501	2,935,574
Provision for credit losses	78,236	307,750	29,092	58,271
Depreciation	162,157	471,195	142,267	371,373
Other operating expenses	882,628	2,473,286	854,317	2,393,468
	2,181,807	6,574,844	1,889,177	5,758,686
Operating profit	1,232,454	3,435,651	977,465	1,434,362
Share of profits of associated companies	29,606	29,606	-	-
Profit before taxation	1,262,060	3,465,257	977,465	1,434,362
Taxation	(285,664)	(593,316)	(111,914)	122,436
Net Profit	976,396	2,871,941	865,551	1,556,798

EARNINGS PER STOCK UNIT\$ 1.16\$ 0.63**Consolidated Balance Sheet**
30 June 2004

	June 2004 \$'000	September 2003 \$'000
ASSETS		
Cash and balances at Bank of Jamaica	12,217,592	10,641,638
Due from other banks	11,145,446	9,117,248
Trading securities	241,037	1,906,270
Reverse repurchase agreements	20,031,665	5,832,957
Loans and advances, net of provision for credit losses	33,090,578	26,400,147
Investment securities	74,797,434	78,538,460
Investment in associated companies	1,179,971	-
Investment properties	28,200	28,200
Property, plant and equipment	4,253,886	3,911,816
Deferred tax assets	130	120,426
Retirement benefit asset	6,009	6,009
Income tax recoverable	49,932	87,505
Other assets	6,881,124	6,368,703
Customers' liability on acceptances, guarantees, indemnities and credits	3,824,273	2,926,786
Total Assets	<u>167,747,277</u>	<u>145,886,165</u>

Consolidated Balance Sheet

30 June 2004

	June 2004 \$'000	September 2003 \$'000
LIABILITIES		
Due to other banks	7,963,545	6,257,208
Customer deposits	76,049,366	69,688,968
Derivative financial instruments	54,322	128,909
Promissory notes and certificates of participation	9,930,012	10,119,549
Repurchase agreements	37,040,816	29,624,741
Obligations under credit card and cash advance securitization arrangements	4,116,406	4,576,979
Other borrowed funds	1,166,172	1,129,249
Income tax payable	503,223	234,569
Deferred tax liabilities	553,096	437,966
Policyholders' liabilities	6,515,597	4,287,658
Other liabilities	3,912,567	3,423,494
Retirement benefit obligations	178,257	178,257
Liability on acceptances, guarantees, indemnities and credits	3,824,273	2,926,786
Total Liabilities	151,807,651	133,014,333
STOCKHOLDERS' EQUITY		
Share capital	2,466,763	2,466,763
Share premium	4,453,752	4,453,752
Fair value and other reserves	1,035,124	(270,773)
Loan loss reserve	98,196	72,891
Banking reserve fund	1,078,000	1,078,000
Retained earnings reserve	2,518,761	1,218,761
Retained earnings	4,289,030	3,852,438
Total Stockholders' Equity	15,939,626	12,871,832

Total Equity and Liabilities

167,747,277

145,886,165

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Nine months ended 30 June 2004

	Share	Fair Value	Banking	Retained	Total \$'000
E	<hr/>				11,971,477
C					-
L					79,925
					-
F					(1,030,438)
	<hr/>				-
N					(950,513)
N					1,556,798
D					(962,037)
F					-
T					-
T					-
T					-
E	<hr/>				<u>11,615,725</u>
E					12,871,832
C	<hr/>				5,128
C					7,490
L					-
					1,244,828
F					48,551
	<hr/>				-
N					1,305,897
N					2,871,941
D					(1,110,044)
T					-
T					-
T					-
E	<hr/>				<u>15,939,626</u>

ted Statement of Cash Flows

ths ended 30 June 2004

	June 2004 \$'000	June 2003 \$'000
Cash flows from operating activities		
Cash (used in)/provided by operating activities	(973,810)	10,601,923
Cash flows from Investing Activities		
Acquisition of property, plant and equipment, net	(785,360)	(6,276,083)
Payments	4,481,761	(1,450,982)
Cash provided by/(used in) investing activities	3,696,401	(7,727,065)
Cash flows from Financing Activities		
Payments under credit card and cash advance		
Securitization arrangements	(592,046)	(76,237)
Loans borrowed funds	36,923	(95,683)
Dividends paid	(1,110,044)	(962,037)
Cash provided by/(used in) financing activities	(1,665,167)	(1,133,957)
Increase/(decrease) in cash and cash equivalents	1,057,424	1,740,901
Cash equivalents at beginning of period	4,803,137	5,451,432
Cash equivalents at end of period	5,860,561	7,192,333
Reconciliation:		
Cash and balances at Bank of Jamaica	2,678,660	2,087,951
from other banks	11,145,446	9,352,495
to other banks	(7,963,545)	(4,248,113)
	5,860,561	7,192,333

Segment Reporting

The Group is organised into three main business segments:

- (a) Banking – This incorporates retail and corporate banking services.
- (b) Wealth management – This incorporates investment management, pension fund management and trustee services.
- (c) Insurance – This incorporates life insurance and insurance brokerage services.

Other operations of the Group include data processing and money remittance services.

Transactions between the business segments are on normal commercial terms and conditions.

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

Nine Months Ended 30 June 2004	Wealth				Eliminations \$'000	Consolidated \$'000
	Banking \$'000	Management \$'000	Insurance \$'000	Other \$'000		
External revenue	13,515,378	4,923,440	676,271	21,337		19,136,426
Revenues from other						
Segments	18,498	1,212,143	302,279	25,172	(1,558,092)	-
Total revenue	13,533,876	6,135,583	978,550	46,509	(1,558,092)	19,136,426
Segment result	2,040,466	1,211,209	187,690	(3,714)		3,435,651
Share of profits in associates			11,726	17,880		29,606
Tax						3,465,257
						(593,316)
Net Profit						2,871,941
Segment assets	121,326,557	48,297,663	7,390,704	206,144	(9,473,791)	167,747,277
Segment liabilities	104,846,691	44,976,949	6,716,656	217,515	(4,950,160)	151,807,651

Depreciation	447,877	16,159	5,450	1,709	-	471,195
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Nine Months Ended 30 June 2003	Wealth				Eliminations \$'000	Consolidated \$'000
	Banking \$'000	Management \$'000	Insurance \$'000	Other \$'000		
External revenue	11,108,750	2,627,839	489,077	2,544		14,228,210
Revenues from other Segments	8,122	5,940	5,342	8,339	(27,743)	-
Total revenue	11,116,872	2,633,779	494,419	10,883	(27,743)	14,228,210
Segment result	1,072,146	233,679	146,313	(17,776)	-	1,434,362
Tax						122,436
Net Profit						1,556,798
Segment assets	115,397,169	33,619,037	4,015,564	16,093	(17,686,405)	135,361,458
Segment liabilities	102,093,788	31,819,708	3,941,445	30,856	(15,349,039)	122,536,758
Depreciation	353,155	9,318	7,666	1,234	-	371,373

Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 7.5% for the insurance subsidiary and 33 1/3% for the Bank and all other subsidiaries. Assets and liabilities recognised on the balance sheet are as follows:

	The Group		The Bank	
	June 2004	Sept. 2003	June 2004	Sept. 2003
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets	(130)	(120,426)	-	-
Deferred tax liabilities	553,096	437,966	186,672	422,349
Net liability	<u>552,966</u>	<u>317,540</u>	<u>186,672</u>	<u>422,349</u>

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

	The Group		The Bank	
	June 2004	Sept. 2003	June 2004	Sept. 2003
	\$'000	\$'000	\$'000	\$'000
Net liability at beginning of period	317,540	218,141	422,349	163,491
Deferred tax expense	(29,060)	383,139	(320,492)	389,259
Deferred tax debited/(credited) to stockholders' equity	264,486	(283,740)	84,815	(130,401)
Net liability at end of period	<u>552,966</u>	<u>317,540</u>	<u>186,672</u>	<u>422,349</u>

Deferred Income Taxes (Continued)

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

	The Group		The Bank	
	June 2004	Sept. 2003	June 2004	Sept. 2003
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets:				
Property, plant and equipment	-	50	-	-
Investment securities	76,690	295,389	76,000	160,815
Loan loss provisions	56,475	56,460	56,310	56,460
Pensions and other post-retirement benefits	59,419	59,419	59,419	59,419
Interest payable	276,437	425,646	-	-
Interest rate swap	18,107	42,970	18,107	42,970
Tax loss carry forwards	8,569	5,919	-	-
Accrual for staff profit share	-	73,686	-	73,686
Other	44,636	38,027	43,260	34,617
	<u>540,333</u>	<u>997,566</u>	<u>253,096</u>	<u>427,967</u>
Deferred income tax liabilities:				
Property, plant and equipment	207,637	159,731	202,003	157,629
Investment securities	43,771	8,226	-	-
Obligations under securitization arrangements	26,640	47,092	26,640	47,092
Interest receivable	541,294	446,774	-	-
Unrealised foreign exchange gains	211,125	651,358	211,125	645,595

Other

62,832	1,925	-	-
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1,093,299	1,315,106	439,768	850,316
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