

**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 nine months ended 30 June 2005.**

	QUARTER ENDED 30 06 2005 \$'000	NINE MONTHS ENDED 30 06 2005 \$'000	QUARTER ENDED 30 06 2004 \$'000	NINE MONTHS ENDED 30 06 2004 \$'000
REVENUE	6,437,841	19,549,683	6,191,875	19,136,426
EXPENSE	5,106,656	16,010,902	4,959,421	15,700,775
<b>Operating Profit</b>	<b>1,331,185</b>	<b>3,538,781</b>	<b>1,232,454</b>	<b>3,435,651</b>
Share of profit of associates	53,454	157,931	29,606	29,606
<b>Profit before Taxation</b>	<b>1,384,639</b>	<b>3,696,712</b>	<b>1,262,060</b>	<b>3,465,257</b>
Taxation	(490,496)	(1,084,280)	(285,664)	(593,316)
<b>Net Profit</b>	<b>894,143</b>	<b>2,612,432</b>	<b>976,396</b>	<b>2,871,941</b>
Earnings per Stock Unit		\$1.06		\$1.16

The Group's profit before tax of \$3.7 billion for the nine months ended 30 June 2005 was ahead of the corresponding nine months of the prior period by \$231.5 million or 7%. However, the tax charge for the current nine months increased by \$491 million or 83% reflecting an increase in the Group's effective tax rate as a result of a change in the composition of the Group's assets in comparison to the prior period. The year to date net profit for the Group was \$2.6 billion compared to \$2.9 billion for the corresponding period of the previous year, a decrease of \$259.5 million, or 9%. Operating income (revenue minus interest expense) for the nine months was \$11.7 billion, an increase of \$1.7 billion or 17% when compared to the same period last year.

The results for the current financial year to date include a full provision for the impairment of the investment in Dyoll Group Limited of \$536 million which was reported in the March 2005 quarter. Staff costs for the nine months ended 30 June 2005 increased by \$759.3 million or 23% compared to the same period of the previous year, due mainly to redundancies, increases in salaries and allowances, as well as provisions for other benefits.

**PERFORMANCE AT A GLANCE**

**Comparison of Key Ratios**

	June 2005	June 2004
Return on Average Equity	19.4%	26.6%
Return on Average Total Assets	1.9%	2.4%
Growth in Revenue	2.2%	34.5%
Cost/Income Ratio	64.6%	62.6%
Net Asset Value per Share	\$7.98	\$6.46

**REVENUES**

Total revenues for the Group increased by \$413.3 million or 2% compared to the corresponding nine months of the previous year, despite the decrease in income from securities due to the reduction in interest rates. The continued growth in loan income and non-interest income over the nine month period is as follows:

- Income from loans increased by \$891.4 million or 25%.
- Net trading income up \$1.07 billion or 104%, and
- Net fee and commission income increased by \$425.8 million or 31%.

**LOAN PORTFOLIO**

Loans and advances totaled \$41.3 billion as at 30 June 2005, an increase of \$7.3 billion or 21.4% over 30 September 2004. As at 30 June 2005 the growth in loans and advances represented \$8.2 billion or 25% over June 2004. This loan growth has contributed to the change in the composition of the Group's assets.

The aggregate amount of non-performing loans amounted to \$1.49 billion compared to \$1.47 billion as at 30 September 2004. Provision for credit losses for the nine months to date is \$60.9 million compared to \$307.7 million for the corresponding period of the prior year, a decrease of 80%.

As at 30 June 2005 the accumulated provision for credit losses of \$2.19 billion represented an overall coverage of 147% of non-performing loans. Provisions for credit losses that exceed the amounts required by International Financial Reporting Standards (IFRS) are credited to a non-distributable Loan Loss Reserve. As at 30 June 2005 the balance in the Loan Loss Reserve was \$209.8 million. The Bank's provisioning policy is in compliance with the Bank of Jamaica regulations.

**BALANCE SHEET**

The Group's total assets as at 30 June 2005 was \$189.4 billion, a growth of \$13.5 billion or 8% compared to 30 September 2004. The increase in the asset base is mainly attributable to the growth in loans and advances and investment securities of 21% and 8% respectively.

The growth in the asset base over the nine month period was mainly funded as follows:

	INCREASE	
	\$B	%
Customer Deposits	2.9	3.6
Repurchase Agreements	3.9	10.4
Securitisation Arrangements	1.6	17.4
Policyholders Funds	1.7	24.5

**CAPITAL**

As at 30 June 2005 the Group's total stockholders' equity was \$19.7 billion, an increase of \$3.4 billion or 20.7% when compared to September 2004. As at 2005 June 30, the Risk-based Capital Ratio was 17% which is in compliance with the minimum requirement of 10% by the Bank of Jamaica.

**DIVIDENDS**

At the Board of Directors meeting held 28 July 2005, an interim dividend of 12 cents per share (total cost J\$296,011,539.36) was approved. The dividend is payable on 26 August 2005 for shareholders on record as at 12 August 2005.

**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, trading securities, derivative contracts, investment property and certain property, plant and equipment.

As at 1 October 2004, the bank has adopted IFRS 3 (Business Combinations). This has resulted in the transfer of the negative goodwill arising on acquisition of associates to retained earnings. Positive goodwill is assessed annually for impairment and is no longer amortised.

One of the bank's subsidiaries, NCB Insurance Company Limited, has not opted for the early adoption of IFRS 4 (Insurance Contracts). The results as at 30 June 2005 do not incorporate any adjustment that would arise from such adoption.

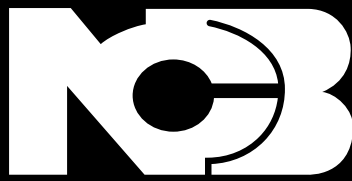
Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period.

All amounts are stated in Jamaican dollars unless otherwise indicated.



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

## COMMUNITY RELATIONS

Our support of the business community was the focus of NCB's community relations activities for this quarter. Our sponsorship of the Jamaica Observer's Business Leader Awards, held in April, highlighted the organization's support for entrepreneurship by honouring its most successful proponents. In June, NCB also was a main sponsor of Youthbiz, a seminar presented by the Public Sector Organization of Jamaica, which exposed youth to entrepreneurial concepts.

In June, NCB recommitted its ardent support of the JMA's 'Buy Jamaican, Build Jamaica' campaign. The programme aims to promote the usage and raise the awareness of products which are produced locally.

The latest strategies in wealth creation were shared with people from the communities of Portmore, Old Harbour and Spanish Town at the Portmore Financial Forum which was held at the new Portmore Branch in May. Over 300 customers and guests benefited from presentations made by the Chairman and other senior NCB executives.

While our support for the private sector was our major focus for the period, our support for the youth, arts and communities remained strong. NCB renewed its commitment to promoting excellence in our youth by sponsoring the Boys and Girls High School Relays, at the Jamaica International Invitational Meet, at a cost of US\$20,000. In June, Annotto Bay's Police Station was reopened after receiving extensive renovation from a coalition of corporate entities, including NCB.

In order to maintain visibility and demonstrate our support of our customers, NCB participated in a number of activities and events during the period including: Children's Expo, Portmore Week, Education Expo, the Jamaica Employee Federation Conference and the Home and Hardware Expo that was held in Kingston.

Through its community relations activities, NCB continues to play its role in 'building a better Jamaica'.

## CONSOLIDATED PROFIT & LOSS ACCOUNT

Nine Months Ended 30 June 2005


	Quarter Ended 30 June 2005 \$'000	Year to Date 30 June 2005 \$'000	Quarter Ended 30 June 2004 \$'000	Year to Date 30 June 2004 \$'000
<b>Operating Revenue</b>				
Interest income from loans	1,562,141	4,526,714	1,279,394	3,635,308
Interest income from securities	3,570,243	10,860,551	4,039,512	12,972,412
Total interest income	5,132,384	15,387,265	5,318,906	16,607,720
Interest expense	(2,611,292)	(7,861,804)	(2,777,614)	(9,125,931)
Net interest income	2,521,092	7,525,461	2,541,292	7,481,789
Net fee and commission income	633,246	1,786,631	406,057	1,360,834
Net trading income	484,623	2,107,034	363,910	1,031,720
Other operating income	187,588	268,753	103,002	136,152
	<u>3,826,549</u>	<u>11,687,879</u>	<u>3,414,261</u>	<u>10,010,495</u>
<b>Operating Expenses</b>				
Staff costs	1,305,485	4,081,939	1,058,786	3,322,613
Provision for credit losses	(19,730)	60,864	78,236	307,750
Provision for impairment of investment in Dyoll	-	535,761	-	-
Depreciation	260,141	766,965	162,157	471,195
Other operating expenses	949,468	2,703,569	882,628	2,473,286
	<u>2,495,364</u>	<u>8,149,098</u>	<u>2,181,807</u>	<u>6,574,844</u>
<b>Operating profit</b>	<b>1,331,185</b>	<b>3,538,781</b>	<b>1,232,454</b>	<b>3,435,651</b>
Share of profits of associates	53,454	157,931	29,606	29,606
<b>Profit before taxation</b>	<b>1,384,639</b>	<b>3,696,712</b>	<b>1,262,060</b>	<b>3,465,257</b>
Taxation	(490,496)	(1,084,280)	(285,664)	(593,316)
<b>Net Profit</b>	<b>894,143</b>	<b>2,612,432</b>	<b>976,396</b>	<b>2,871,941</b>
<b>EARNINGS PER STOCK UNIT</b>		<b>\$ 1.06</b>		<b>\$ 1.16</b>

## CONSOLIDATED BALANCE SHEET

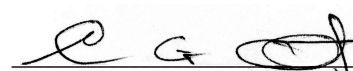
30 June 2005

	June 2005 \$'000	September 2004 \$'000
<b>ASSETS</b>		
Cash and balances at Bank of Jamaica	10,862,817	13,986,481
Due from other banks	8,269,015	13,659,635
Trading securities	1,679,266	293,885
Reverse repurchase agreements	26,880,681	21,372,536
Loans and advances, net of provision for credit losses	41,302,754	34,024,628
Investment securities	83,879,073	77,494,225
Investment in associates, net of provision for impairment	1,460,412	1,163,192
Investment properties	9,800	21,300
Property, plant and equipment	4,308,573	4,432,289
Deferred tax assets	5,420	-
Retirement benefit asset	7,602	7,602
Income tax recoverable	348,495	244,001
Other assets	6,902,586	6,081,825
Customers' liability on acceptances, guarantees, indemnities and letters of credits	3,461,017	3,090,418
<b>Total Assets</b>	<b>189,377,511</b>	<b>175,872,017</b>
<b>LIABILITIES</b>		
Due to other banks	6,148,316	6,794,790
Customer deposits	82,721,532	79,862,280
Derivative financial instruments	5,641	44,983
Promissory notes and certificates of participation	8,515,224	9,768,128
Repurchase agreements	41,382,866	37,496,253
Obligations under credit card and cash advance securitisation arrangements	11,071,437	9,427,736
Other borrowed funds	1,174,072	1,069,318
Income tax payable	1,270,284	405,854
Deferred tax liabilities	925,333	852,926
Policyholders' liabilities	8,605,350	6,912,610
Provisions	170,463	117,000
Retirement benefit obligations	228,145	209,879
Other liabilities	4,024,325	3,525,837
Liability on acceptances, guarantees, indemnities and letters of credits	3,461,017	3,090,418
<b>Total Liabilities</b>	<b>169,704,005</b>	<b>159,578,012</b>
<b>STOCKHOLDERS' EQUITY</b>		
Share capital	2,466,763	2,466,763
Share premium	4,453,752	4,453,752
Fair value and other reserves	2,189,111	1,266,714
Loan loss reserve	209,840	111,650
Banking reserve fund	1,327,000	1,327,000
Retained earnings reserve	3,119,761	3,119,761
Retained earnings	5,907,279	3,548,365
<b>Total Stockholders' Equity</b>	<b>19,673,506</b>	<b>16,294,005</b>
<b>Total Equity and Liabilities</b>	<b>189,377,511</b>	<b>175,872,017</b>

Approved for issue by the Board of Directors on 28 July 2005 and signed on its behalf by:

  
Chairman

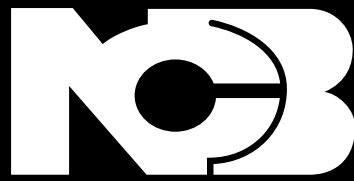
  
Group Managing Director

  
Director

  
Secretary



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**NATIONAL COMMERCIAL BANK JAMAICA LIMITED “the Bank”  
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**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**  
Nine Months Ended 30 June 2005

	Share Capital \$'000	Share Premium \$'000	Fair Value and Other Reserves \$'000	Loan Loss Reserve \$'000	Banking Reserve Fund \$'000	Retained Earnings Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance as at 1 October 2003</b>	2,466,763	4,453,752	(270,773)	72,891	1,078,000	1,218,761	3,852,438	12,871,832
Currency translation differences	-	-	5,128	-	-	-	-	5,128
Other	-	-	7,390	-	-	-	-	7,390
Unrealised gains on available-for-sale investments, net of taxes	-	-	1,244,828	-	-	-	-	1,244,828
Reclassified and reported in profit	-	-	48,551	-	-	-	-	48,551
Net gains not recognised in consolidated profit & loss account	-	-	1,305,897	-	-	-	-	1,305,897
Net Profit	-	-	-	-	-	-	2,871,941	2,871,941
Dividends paid	-	-	-	-	-	-	(1,110,044)	(1,110,044)
Transfer to Loan Loss Reserve	-	-	-	25,305	-	-	(25,305)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,300,000	(1,300,000)	-
<b>Balance as at 30 June 2004</b>	<u>2,466,763</u>	<u>4,453,752</u>	<u>1,035,124</u>	<u>98,196</u>	<u>1,078,000</u>	<u>2,518,761</u>	<u>4,289,030</u>	<u>15,939,626</u>
<b>Balance as at 1 October 2004</b>	2,466,763	4,453,752	1,266,714	111,650	1,327,000	3,119,761	3,548,365	16,294,005
Currency translation differences	-	-	(224)	-	-	-	-	(224)
Unrealised gains on available-for-sale investments, net of taxes	-	-	1,935,411	-	-	-	-	1,935,411
Realised fair value gain transferred to consolidated profit & loss account	-	-	(1,016,416)	-	-	-	-	(1,016,416)
Net gains not recognised in Consolidated profit & loss account	-	-	918,771	-	-	-	-	918,771
Net profit	-	-	-	-	-	-	2,612,432	2,612,432
Dividends paid	-	-	-	-	-	-	(888,035)	(888,035)
Negative goodwill transferred to retained earnings on adoption of IFRS 3	-	-	-	-	-	-	752,207	752,207
Transfer from Loan Loss Reserve	-	-	-	98,190	-	-	(98,190)	-
Other	-	-	3,626	-	-	-	(19,500)	(15,874)
<b>Balance as at 30 June 2005</b>	<u>2,466,763</u>	<u>4,453,752</u>	<u>2,189,111</u>	<u>209,840</u>	<u>1,327,000</u>	<u>3,119,761</u>	<u>5,907,279</u>	<u>19,673,506</u>

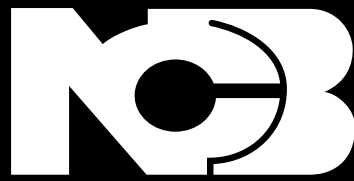
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Nine Months Ended 30 June 2005

	June 2005 \$'000	June 2004 \$'000		June 2005 \$'000	June 2004 \$'000
<b>Cash Flows from Operating Activities</b>			<b>Comprising:</b>		
Net cash provided by/(used in) operating activities	713,144	(903,101)	Cash and balances at Bank of Jamaica	2,795,809	2,678,660
<b>Cash Flows from Investing Activities</b>			Due from other banks	8,269,015	11,145,446
Acquisition of property, plant and equipment, net	(631,092)	(785,360)	Investment securities	4,679,000	4,475,278
Investment Securities, net	(6,220,139)	8,957,039	Due to other banks	(6,148,316)	(7,963,545)
Net cash (used in)/provided by investing activities	<u>(6,851,231)</u>	<u>8,171,679</u>		<u>9,595,508</u>	<u>10,335,839</u>
<b>Cash Flows from Financing Activities</b>					
Drawdowns under credit card and cash advance securitisation arrangements	2,777,793	-			
Repayments under credit card and cash advance securitisation arrangements	(1,153,582)	(662,755)			
Other borrowed funds	104,754	36,923			
Dividends paid	(888,035)	(1,110,044)			
Net cash provided by/(used in) financing activities	<u>840,930</u>	<u>(1,735,876)</u>			
Net (decrease)/increase in cash and cash equivalents	(5,297,157)	5,532,702			
Cash and cash equivalents at beginning of period	14,892,665	4,803,137			
<b>Cash and cash equivalents at end of period</b>	<u>9,595,508</u>	<u>10,335,839</u>			



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**SEGMENT REPORTING**

**Nine Months Ended 30 June 2005**

	<b>Banking \$'000</b>	<b>Wealth Management \$'000</b>	<b>Insurance \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
External operating revenue	12,671,170	5,809,803	1,048,474	20,236	-	19,549,683
Operating revenue from other segments	499,225	127,167	85,078	28,320	(739,790)	-
Operating revenue	13,170,395	5,936,970	1,133,552	48,556	(739,790)	19,549,683
Segment result	2,262,999	1,434,317	271,293	9,971	(439,799)	3,538,781
Share of profit of associates						157,931
Profit before tax						3,696,712
Taxation expense						(1,084,280)
Net Profit						2,612,432
Segment assets	125,807,396	53,108,317	9,444,977	284,478	(1,076,564)	187,568,604
Associates						1,460,412
Unallocated assets						348,495
Total Assets						189,377,511
Segment liabilities	112,427,124	47,182,603	8,713,229	295,622	(1,110,190)	167,508,388
Unallocated liabilities						2,195,617
Total liabilities						169,704,005
Depreciation	737,496	20,376	7,657	1,436		766,965

**Nine Months Ended 30 June 2004**

	<b>Banking \$'000</b>	<b>Wealth Management \$'000</b>	<b>Insurance \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
External operating revenue	13,515,378	4,923,440	676,271	21,337	-	19,136,426
Operating revenue from other segments	18,498	1,212,143	302,279	25,172	(1,558,092)	-
Operating 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						29,606
Profit before tax						3,465,257
Taxation expense						(593,316)
Net Profit						2,871,941
Segment assets	115,622,955	48,248,470	7,390,704	205,275	(4,950,160)	166,517,244
Associates						1,179,971
Unallocated assets						50,062
Total Assets						167,747,277
Segment liabilities	104,200,688	44,661,355	6,628,202	211,247	(4,950,160)	150,751,332
Unallocated liabilities						1,056,319
Total liabilities						151,807,651
Depreciation	447,877	16,159	5,450	1,709	-	471,195



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