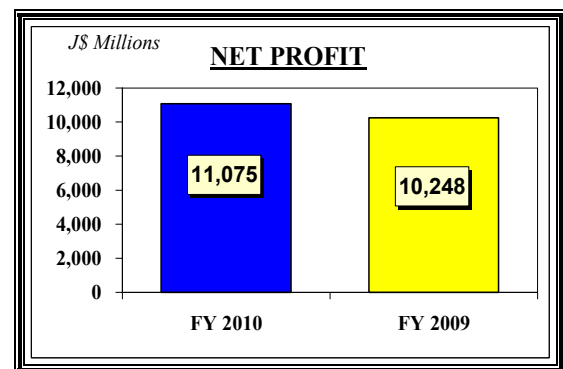


The Board of Directors is pleased to release the following audited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the financial year ended 30 September 2010.

## PERFORMANCE HIGHLIGHTS

### Year Ended September 2010 compared with Year Ended September 2009

- Net Profit of \$11.07 billion, an increase of \$827 million or 8.1%.
- Earnings per Stock Unit of \$4.50 grew by \$0.34 or 8.1%.
- Operating Revenue of \$29.31 billion, increased by 8.0% or \$2.17 billion.
- Cost to Income Ratio increased to 51.3% from 47.7%.
- Risk-Based Capital Adequacy Ratio improved to 16.5% from 14.6%.
- Total Assets of \$334.97 billion, increased by 6.3% or \$19.87 billion.
- Net Loans of \$86.0 billion, fell by 2.5% or \$2.18 billion.
- Investment Securities of \$200.13 billion, increased by \$32.41 billion or 19.3%.
- Customer Deposits of \$144.28 billion, increased by 10.7% or \$13.95 billion.
- Return on Average Equity declined to 24.66% from 28.34%.
- Return on Average Assets increased to 3.41% from 3.38%.



### Quarter ended September 2010 compared with Quarter ended June 2010

- Net Profit of \$2.99 billion, increased by 8.6% or \$236 million.
- Earnings per Stock Unit of \$1.22 increased by \$0.10 or 8.6%.
- Operating Revenue increased by \$503 million or 7.1%.
- Operating Expenses increased by \$283 million or 7.5%.
- Return on Average Equity increased to 25.15% from 24.13%.
- Return on Average Assets increased to 3.64% from 3.42%.
- Cost to Income Ratio decreased to 49.0% from 50.2%.

We continue to report strong profit performance while building our capital and growing our balance sheet. This overall improvement has further strengthened our group and our capital ratios far exceed the minimum regulatory requirements. The diverse products and services offered by our group allow us to meet the varied needs of our customers despite the challenges in the business environment.

## **SEGMENT PERFORMANCE**

### **Banking**

The Retail, Corporate and Treasury units of the banking segment reported combined operating results of \$8.75 billion for the year ended 30 September 2010; this represents a decrease of \$911 million from the prior year. The decline in the operating results for these commercial banking segments is primarily as a result of increased staff and operating costs.

Loans and advances, which totalled \$86.0 billion (net of provision for credit losses) as at 30 September 2010 declined by \$2.2 billion compared to the loan portfolio as at 30 September 2009. This decline is due to a reduction in the rate of loan growth for the Corporate Unit as well as the effect of the appreciation of the Jamaican dollar during the year; approximately 50% of NCB's loan portfolio is denominated in US dollars; and the Jamaica dollar appreciated by 3% between September 2009 and September 2010. Non-performing loans totalled \$3.0 billion as at September 2010 (\$2.3 billion as at September 2009) and represented 3.4% of the gross loans compared to 2.6% as at 30 September 2009. Our provision coverage as at September 2010 was 136.3% compared to 147.3% at September 2009.

NCBJ remains the largest commercial bank when measured by profit, assets, branch network and capital base.

### **Wealth Management**

Our wealth and asset management segment contributed operating profits of \$3.55 billion for the year ended 30 September 2010; the result for this segment reflects a \$1.3 billion or 55.2% increase over the prior September 2009 period. The significant growth over the prior year's results is due to two main factors:

- increase in net interest income resulting from lower cost of funds, and
- non-recurrence of mark to market losses from trading activities undertaken in the prior year.

NCB Capital Markets Limited (NCBCM) contributes 92% of the operating profit for this segment and achieved a net profit of \$2.5 billion for the year.

## **SEGMENT PERFORMANCE (continued)**

### **Insurance**

Our insurance segment reported operating profits of \$1.99 billion for the year ended 30 September 2010, representing a decrease of 4.2% or \$87 million from the prior year's results. NCB Insurance Company Limited (NCBIC) contributes 100% of the profit for this segment and recorded net profit of J\$1.7 billion for the year.

### **CAPITAL**

The Group's Stockholders' Equity of \$48.8 billion increased by \$7.8 billion or 19.0% when compared to 30 September 2009.

- The Risk-Based Capital Ratio for NCBJ was 16.5% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica (30 September 2009 – 14.6%).
- The Capital to Risk Weighted Assets Ratio for NCBCM was 97.8% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (30 September 2009 – 60.8%).
- The Solvency Ratio for NCBIC was 26.5% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (30 September 2009 – 23.2%).

### **DIVIDENDS**

On 03 November 2010, the Board declared an interim dividend of \$0.45 per ordinary stock unit. The dividend is payable on 01 December 2010 for stockholders on record as at 18 November 2010.

### **AWARDS**

We are the proud winner of the Human Resource Management Association of Jamaica (HRMAJ) Golden Leader in HR Innovation Award. This award was for our – 1) Online Performance Appraisal System (a fully automated, web based, paperless appraisal process) & 2) AutoPro (a web based automated workflow solution). The HRMAJ HR Innovation Award recognises creative and innovative initiatives and unique approaches adopted by companies to provide solutions to problems or challenges that they face and which could hinder their progress for goal achievement.

NCB was also recognised by United Way of Jamaica as the “largest single local corporate contributor” to the voluntary organisation, which was established 25 years ago. We were presented with a 25th Anniversary Partnership Award in recognition of the bank's contribution over the years, as a member of the Nation Builder's Club. In congratulating NCB on the part the bank has played in helping to improve the lives of the persons served by United Way, Winsome Wilkins, CEO of United Way of Jamaica, said “NCB continues to play a significant role in nation building, especially through voluntary organisations such as ours.”

## AWARDS (continued)

These are in addition to the following awards won during the financial year:

- For the second consecutive year, NCBJ was awarded the “**2009 Bank of the Year in Jamaica**” by the *Financial Times* Banker Magazine,
- 2010 World Finance **Best Banking Group, Jamaica** and **Most Innovative Bank, Jamaica**,
- NCB Insurance Company was awarded the prestigious World Finance’s coveted award for **Pension Fund Manager of the Year 2010, Caribbean**.
- We were also named Jamaica’s overall **Employer of Choice** at the Jamaica Employers Federation (JEF) Annual Awards Ceremony where we placed first in the **Employer of Choice (Large Company Category – 500+ employees)** and **Highest Employee Satisfaction** award categories.
- We were also recognized by the Jamaica Exporters’ Association (JEA) for being the best service provider in the financial sector to exporters, after garnering the most votes from the members of the JEA.
- We also received several important awards at the 2009 Jamaica Stock Exchange Best Practice Awards where NCBCM won the **Corporate Disclosure Award** and NCBJ placed second. NCBCM also took home the **Best Website Award** and NCBJ placed second in the **PSOJ Corporate Governance Award**.

## COMMUNITY RELATIONS

NCB’s charitable activities are geared towards empowering individuals to create the change needed in Jamaica today by providing some of the resources required. In pursuit of our objective of *Engaging in Nation Building*, we focused on education, community development, youth leadership and entrepreneurship through our philanthropic arm, the N.C.B. Foundation.

Our main area of focus for the quarter was education generally and specifically in scholarships and “Back to School” activities. We awarded scholarships, grants and bursaries totalling \$13 million to over 200 students at the primary, secondary and tertiary levels. We also supported a number of summer programs and other activities which were geared towards assisting our youth in academic and entrepreneurial pursuits and preparing students from inner city communities for the new school term.

NCB continues to reach beyond the boundaries of financial services as we commit to not only doing well but also *doing good*. We wish to express our deep appreciation to our staff members for their enthusiastic involvement in community activities.

To our customers, we say thank you for your continued loyalty, confidence and support; together, *We Make It Happen*.



**ON BEHALF OF THE BOARD**

# National Commercial Bank Jamaica Limited

## Consolidated Income Statement

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Unaudited	Unaudited	Audited	Unaudited	Audited
	Quarter Ended	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	30 September	30 June	30 September	30 September	30 September
	2010	2010	2010	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Income</b>					
Interest Income	7,795,886	7,819,835	33,304,294	9,392,587	35,460,698
Interest expense	(2,691,019)	(2,815,457)	(12,654,651)	(4,172,058)	(16,580,724)
Net interest income	5,104,867	5,004,378	20,649,643	5,220,529	18,879,974
Fee and commission income	1,814,942	1,858,272	7,197,456	1,800,213	6,367,621
Fee and commission expense	(320,779)	(320,066)	(1,355,809)	(384,834)	(1,409,116)
Net fee and commission income	1,494,163	1,538,206	5,841,647	1,415,379	4,958,505
Gain on foreign currency and investment activities	722,364	244,733	1,962,633	526,332	2,654,504
Dividend income	13,326	15,309	77,331	7,727	95,923
Insurance premium income	104,720	149,321	493,057	105,604	371,778
Other operating income	138,738	122,944	284,906	57,960	180,307
	979,148	532,307	2,817,927	697,623	3,302,512
<b>Total operating income</b>	<b>7,578,178</b>	<b>7,074,891</b>	<b>29,309,217</b>	<b>7,333,531</b>	<b>27,140,991</b>
<b>Operating Expenses</b>					
Staff costs	2,114,876	2,148,311	9,252,662	1,999,295	7,989,772
Provision for credit losses	289,196	200,684	947,962	255,370	1,027,634
Depreciation and amortisation	128,983	126,284	528,333	142,943	593,538
Impairment losses on securities	27,520	-	27,520	-	-
Other operating expenses	1,471,448	1,274,081	5,265,340	1,117,559	4,358,321
<b>Total operating expenses</b>	<b>4,032,023</b>	<b>3,749,360</b>	<b>16,021,817</b>	<b>3,515,167</b>	<b>13,969,265</b>
<b>Operating Profit</b>	<b>3,546,155</b>	<b>3,325,531</b>	<b>13,287,400</b>	<b>3,818,364</b>	<b>13,171,726</b>
Share of profits/(loss) of associate	65,261	34,885	200,713	21,230	(38,091)
<b>Profit before Taxation</b>	<b>3,611,416</b>	<b>3,360,416</b>	<b>13,488,113</b>	<b>3,839,594</b>	<b>13,133,635</b>
Taxation	(618,545)	(603,681)	(2,413,315)	(931,584)	(2,885,450)
<b>NET PROFIT</b>	<b>2,992,871</b>	<b>2,756,735</b>	<b>11,074,798</b>	<b>2,908,010</b>	<b>10,248,185</b>
<b>Earnings per stock unit</b> (expressed in \$ per share) Basic and diluted	<b>\$ 1.22</b>	<b>\$ 1.12</b>	<b>\$ 4.50</b>	<b>\$ 1.18</b>	<b>\$ 4.16</b>

# National Commercial Bank Jamaica Limited

## Consolidated Statement of Comprehensive Income

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	<b>30 September 2010 \$'000</b>	<b>30 September 2009 \$'000</b>
<b>Net Profit</b>	11,074,798	10,248,185
<b>Other comprehensive income, net of tax</b>		
Currency translation (losses)/gains	(57,956)	248,043
Unrealised gains/(losses) on available-for-sale investments	432,214	1,672,152
Realised fair value losses/(gains) on sale and maturity of investments	1,019,329	(299,156)
Unrealised losses transferred from equity on impairment of available-for-sale investments	-	(29)
	<u>1,393,587</u>	<u>1,621,010</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u><u>12,468,385</u></u>	<u><u>11,869,195</u></u>

# National Commercial Bank Jamaica Limited


## Consolidated Statement of Financial Position

30 September 2010

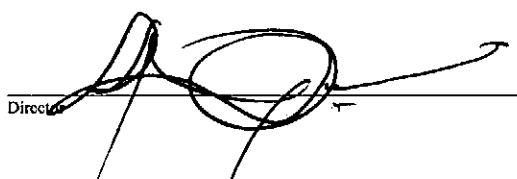
(expressed in Jamaican dollars unless otherwise indicated)

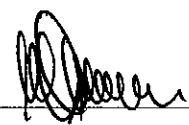
	30 September 2010 \$'000	30 September 2009 \$'000
<b>ASSETS</b>		
Cash in hand and balances at Bank of Jamaica	19,472,761	24,668,011
Due from other banks	17,048,849	14,405,493
Derivative financial instruments	12,864	52,191
Investment securities at fair value through profit or loss	698,711	752,578
Reverse repurchase agreements	1,143,581	8,185,227
Loans and advances, net of provision for credit losses	85,995,102	88,178,270
Investment securities	199,434,273	166,966,379
Investments in associate	2,320,723	2,133,994
Investment property	12,000	13,000
Intangible asset - computer software	359,980	246,781
Property, plant and equipment	4,114,155	4,011,495
Retirement benefit asset	-	11,632
Deferred income tax assets	119,794	803,279
Income tax recoverable	1,855,938	1,705,001
Customers' liability - letters of credit and undertaking	291,106	399,983
Other assets	2,090,174	2,563,163
<b>Total Assets</b>	<b>334,970,011</b>	<b>315,096,477</b>
<b>LIABILITIES</b>		
Due to other banks	3,708,232	6,556,209
Customer deposits	144,283,158	130,331,351
Promissory notes and certificates of participation	223,154	194,492
Repurchase agreements	85,292,763	77,374,431
Obligations under securitisation arrangements	20,456,162	27,157,180
Derivative financial instruments	25,930	126,848
Other borrowed funds	6,575,623	7,815,552
Income tax payable	3,095	10,803
Deferred income tax liabilities	104,332	213,080
Policyholders' liabilities	20,405,624	19,114,764
Provision for litigation	13,300	28,506
Retirement benefit obligations	445,873	421,641
Liability - letters of credit and undertaking	291,106	399,983
Other liabilities	4,333,726	4,335,691
<b>Total Liabilities</b>	<b>286,162,078</b>	<b>274,080,531</b>
<b>STOCKHOLDERS' EQUITY</b>		
Share capital	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)
Fair value and other reserves	1,457,864	64,277
Loan loss reserve	1,135,012	744,159
Banking reserve fund	5,200,206	4,362,102
Retained earnings reserve	8,875,761	8,875,761
Retained earnings	25,676,747	20,507,304
<b>Total Stockholders' Equity</b>	<b>48,807,933</b>	<b>41,015,946</b>
<b>Total Equity and Liabilities</b>	<b>334,970,011</b>	<b>315,096,477</b>

Approved for issue by the Board of Directors on 3 November 2010 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Secretary

## National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Other Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 October 2008</b>	6,465,731	(3,388)	(1,556,733)	697,061	3,663,000	8,875,761	13,171,230	31,312,662
Total comprehensive income	-	-	1,621,010	-	-	-	10,248,185	11,869,195
Dividends paid	-	-	-	-	-	-	(2,165,911)	(2,165,911)
Transfer to Loan Loss Reserve	-	-	-	47,098	-	-	(47,098)	-
Transfer to Banking Reserve Fund	-	-	-	-	699,102	-	(699,102)	-
<b>Balance at 30 September 2009</b>	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946
<b>Balance as at 1 October 2009</b>	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946
Total comprehensive income	-	-	1,393,587	-	-	-	11,074,798	12,468,385
Dividends paid	-	-	-	-	-	-	(4,676,398)	(4,676,398)
Transfer to Loan Loss Reserve	-	-	-	390,853	-	-	(390,853)	-
Transfer to Banking Reserve Fund	-	-	-	-	838,104	-	(838,104)	-
<b>Balance at 30 September 2010</b>	6,465,731	(3,388)	1,457,864	1,135,012	5,200,206	8,875,761	25,676,747	48,807,933



# National Commercial Bank Jamaica Limited

## Consolidated Statement of Cash Flows

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	30 September 2010 \$'000	30 September 2009 \$'000
<b>Cash Flows from Operating Activities</b>		
<b>Net profit</b>	11,074,798	10,248,185
Changes in operating assets and liabilities	32,356,673	7,347,390
Other adjustments to reconcile net profit	11,766	6,157,262
Net cash provided by operating activities	<u>43,443,237</u>	<u>23,752,838</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(582,657)	(767,109)
Acquisition of intangible asset - computer software	(200,007)	(72,088)
Proceeds from disposal of property, plant and equipment	40,098	219,545
Purchase of investment securities	(272,767,322)	(277,637,822)
Sales/maturities of investment securities	264,637,391	255,788,639
Dividends received from associate	13,982	9,322
Net cash used in investing activities	<u>(8,858,516)</u>	<u>(22,459,513)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(5,992,337)	(4,830,126)
Proceeds from other borrowed funds	833,568	4,105,446
Repayments of other borrowed funds	(1,482,249)	(2,133,077)
Dividends paid	(4,676,397)	(2,165,911)
Net cash used in financing activities	<u>(11,317,415)</u>	<u>(5,023,668)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,134,505)</u>	<u>3,334,274</u>
Net increase/(decrease) in cash and cash equivalents	22,132,801	(396,069)
Cash and cash equivalents at beginning of year	<u>18,594,234</u>	<u>18,990,303</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>40,727,035</u></b>	<b><u>18,594,234</u></b>
<b>Comprising:</b>		
Cash in hand and balances at Bank of Jamaica (excluding Statutory Reserves)	4,388,167	8,486,363
Due from other banks	17,048,849	14,405,493
Investment securities with an original maturity of less than 90 days	22,998,251	2,258,587
Due to other banks	(3,708,232)	(6,556,209)
	<u>40,727,035</u>	<u>18,594,234</u>

# National Commercial Bank Jamaica Limited

## Segment Report

Year ended 30 September 2010

	Banking			Wealth			Eliminations \$'000	Consolidated \$'000
	Retail \$'000	Corporate \$'000	Treasury \$'000	Management \$'000	Insurance \$'000	Other \$'000		
External operating revenue	13,678,397	5,275,433	10,299,153	9,497,058	4,491,205	78,431	-	43,319,677
Operating revenue from other segments	5,349,179	1,602	1,260,334	476,522	121,330	251,787	(7,460,754)	-
Operating Revenue	19,027,576	5,277,035	11,559,487	9,973,580	4,612,535	330,218	(7,460,754)	43,319,677
Segment result	2,481,408	2,922,965	3,349,581	3,554,301	1,986,282	156,105	58,670	14,509,312
Unallocated corporate expenses								(1,221,912)
Operating profit								13,287,400
Share of profits in associate								200,713
Profit before tax								13,488,113
Taxation expense								(2,413,315)
Net profit								11,074,798
Segment assets	124,222,612	46,140,396	134,564,133	93,861,623	25,603,109	856,862	(94,413,608)	330,835,127
Associate								2,320,723
Unallocated assets								1,814,161
Total assets								334,970,011
Segment liabilities	115,709,477	36,694,537	122,724,878	81,657,683	20,728,562	144,925	(92,168,984)	285,491,078
Unallocated liabilities								671,000
Total liabilities								286,162,078
Interest income	12,949,067	4,917,726	10,106,658	9,077,668	3,317,855	38,754	(7,103,434)	33,304,294
Impairment loss	-	-	-	26,420	1,100	-	-	27,520
Capital expenditure	633,738	19,568	39,141	33,212	44,596	12,409	-	782,664
Depreciation and amortisation	422,204	12,971	10,185	28,040	50,184	4,749	-	528,333

# National Commercial Bank Jamaica Limited

## Segment Report - Restated

Year ended 30 September 2009

	Banking			Wealth			Eliminations	Consolidated
	Retail	Corporate	Treasury	Management	Insurance	Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	12,709,461	6,019,104	12,390,525	9,507,467	4,407,365	96,909		45,130,831
Operating revenue from other segment:	7,486,977	1,994	2,647,489	503,844	479,262	40,097	(11,159,663)	-
Operating Revenue	20,196,438	6,021,098	15,038,014	10,011,311	4,886,627	137,006	(11,159,663)	45,130,831
Segment result	3,392,578	2,473,309	3,799,487	2,289,874	2,073,098	44,766	(284,005)	13,789,107
Unallocated corporate expenses								(617,381)
Operating profit								13,171,726
Share of profits in associate								(38,091)
Profit before tax								13,133,635
Taxation expense								(2,885,450)
Net profit								10,248,185
Segment assets	116,438,331	53,645,299	136,131,956	84,508,597	22,789,743	801,353	(105,485,341)	308,829,938
Associate								2,133,994
Unallocated assets								4,132,545
Total assets								315,096,477
Segment liabilities	104,686,986	46,658,771	129,447,521	75,348,180	19,244,999	85,851	(103,488,164)	271,984,144
Unallocated liabilities								2,096,387
Total liabilities								274,080,531
Interest income	14,497,097	5,598,828	13,067,704	9,309,951	3,653,760	51,735	(10,718,377)	35,460,698
Capital expenditure	705,637	18,425	1,450	36,241	56,482	20,961	-	839,196
Depreciation and amortisation	471,210	13,521	8,658	37,514	57,887	4,748	-	593,538

# National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 54.11% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael Lee-Chin, OJ. 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, together with the bank are referred to as "the Group".

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.

## 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated 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.

Where necessary, comparative figures for 30 September 2009 have been reclassified to conform with changes in presentation in the current period.

All amounts are stated in Jamaican dollars unless otherwise indicated.

## 3. New and revised standards adopted by the Group

During the year ended 30 September 2010 the Group adopted the following new and revised standards:

### IAS 1 (Revised) Presentation of Financial Statements

On 1 October 2009 the Group adopted the revised IAS 1. The revision aims to improve users’ ability to analyse and compare the information provided in financial statements. All changes in equity arising from transactions with owners in their capacity as owners are presented separately from other changes in equity. The adoption of the revised standard has no impact on the results reported in the consolidated financial statements. However, it has resulted in certain presentational changes in the financial statements of the Group as follows:

- Income and expenses are presented in two statements; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income.
- The Consolidated Profit and Loss Account and the Consolidated Balance Sheet have been renamed ‘Consolidated Income Statement’ and ‘Consolidated Statement of Financial Position’ respectively.

# National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. New and revised standards adopted by the Group (Continued)

### IFRS 8 Operating Segments

On 1 October 2009 the Group adopted IFRS 8, which replaces IAS 14 '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. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal purposes. The adoption of this new standard has no financial impact on the consolidated financial statements; however, it has resulted in a revision of the composition of the segment categories for the Group.

The Group is organised into the following segments:

- Retail banking– This incorporates the provision of banking services to individual and small and medium business clients, money remittance and card services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury – 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 trading activities.
- Wealth management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Insurance – This incorporates life insurance, pension and investment management services.
- Other – This includes insurance brokerage services, trustee services, registrar and transfer agent services.

## 4. Obligations Under Securitisation Arrangements

During the year ended 30 September 2010, the Group made a scheduled repayment of US\$68,100,000 in relation to two securitisation arrangements.

## 5. Jamaica Debt Exchange

During the quarter ended 31 March 2010, the Group participated in the Jamaica Debt Exchange (JDX) transaction under which NCB Jamaica Limited and its subsidiaries exchanged 100% of their holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available to the Group under the election options contained in the agreement.