

The Board of Directors is pleased to release the following unaudited financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the half year ended March 31, 2013.

Performance highlights

Six months ended March 31, 2013 compared with the six months ended March 31, 2012

- Net profit of \$4.5 billion, a decrease of 5.1%, or \$242 million.
- Earnings per stock unit of \$1.84, decreased by 5.1%, from \$1.93.
- Cost to income ratio increased to 64.57%, from 56.44%.
- Total assets of \$414.1 billion, grew by 11.7%, or \$43.4 billion.
- Return on average total assets was 2.28%, compared to 2.61%.
- Net loans of \$128.8 billion, grew by 24.9%, or \$25.7 billion.
- Customer deposits of \$171.1 billion, increased by 5.7%, or \$9.2 billion.
- Total stockholders' equity of \$68.2 billion, increased by 7.8%, or \$5.0 billion.
- Return on average stockholders' equity was 13.47%, compared to 15.25%.

Three months ended March 31, 2013 compared with the three months ended March 31, 2012

- Net profit of \$1.7 billion, decreased by 12.9%, or \$259 million.
- Earnings per stock unit of \$0.71, decreased by 12.9%, from \$0.81.
- Cost to income ratio increased to 74.18%, from 56.65%.
- Return on average total assets decreased to 1.72%, from 2.19%.
- Return on average stockholders' equity decreased to 10.31%, from 12.74%.

Three months ended March 31, 2013 compared with the three months ended December 31, 2012

- Net profit of \$1.7 billion, decreased by 37.4%, or \$1.0 billion.
- Earnings per stock unit of \$0.71, decreased by 37.4%, from \$1.13.
- Cost to income ratio increased to 74.18%, from 55.55%.
- Return on average total assets decreased to 1.72%, from 2.87%.
- Return on average stockholders' equity decreased to 10.31%, from 16.70%.

During the quarter ended March 31, 2013, NCBJ and its subsidiaries accepted the offer made by the Government of Jamaica (GoJ), under the National Debt Exchange (NDX), to exchange 100% of our eligible GoJ securities. This exchange involved securities amounting to approximately \$118 billion. We subsequently participated in a private debt exchange, where we exchanged \$7 billion of eligible GoJ securities. The primary impact arising from these debt exchanges is a reduction in coupon rates and the extension of the tenure of the securities. However, the eligible securities involved are marketable securities and the market value of the securities received was lower than the value of the securities tendered, resulting in losses on some of the instruments exchanged; these losses are reported in gain or losses on foreign currency and investment activities. We have identified a number of mitigating measures to address the on-going reduction in yields, most of which have already been implemented.

Performance highlights (continued)

Despite the uncertainties and challenges faced within the Jamaican economic environment, the successful completion of a key strategic acquisition and growth in our core businesses demonstrate the progress that we are making towards our vision of being a top Caribbean financial institution delivering sustainable financial performance. Although our second quarter ended 31 March 2013, reports a decline in net profit when compared with the prior year's performance, our results for the period reflect strong growth in some business segments. Our diverse business model has helped us to deliver strong returns on assets and equity, even in challenging periods and provides us with the opportunity to deliver value to all our stakeholders. We believe that we continue to be well positioned for growth. We recognise that we must place our customers at the heart of our business and to drive this focus, we have created a new Strategic Support Unit, Group Customer Experience and Innovation Division.

Mindful of the challenges faced by our customers, during the quarter, we launched our debt restructuring programme which is aimed at assisting customers facing challenging financial situations. The response to this initiative has been very positive and we have also implemented a number of other initiatives that deliver value and convenience to our customers. These included the upgrade of our retail internet banking platform and delivering to many of our customers, electronic statements which incorporate copies of the cheques negotiated. We continue to pursue a number of strategic initiatives, which will drive significant future benefits to our customers, employees and other stakeholders but which result in an increase in current operating expenses; our efforts in this area include ensuring that the benefits are realised in the shortest possible time. To assist our employees in managing the changes that result from these initiatives, we have instituted a change management framework and implemented a cadre of tools to support its execution.

Financial performance

For the six months ended March 31, 2013, operating income declined by 0.1%, or \$26 million, when compared with the six months ended March 31, 2012, mainly as a result of a \$2.4 billion reduction in gains on foreign currency and investment activities, due to losses arising from our participation in the debt exchanges, as well as the recent unfavourable market conditions which resulted in muted market activity. This decrease was substantially offset by:

- Net interest income, which increased by 9.8%, or \$1.0 billion, primarily due to growth in loans and investments.
- Net fee and commission income, which increased by 11.6%, or \$407 million, due primarily to increased card transaction volumes in the Payment Services segment, as well as increased fees earned from new loans, primarily in the Retail & SME segment.
- Premium income, which increased by 73.7%, or \$747 million, due mainly to the inclusion of general insurance premiums as a result of the acquisition of Advantage General Insurance Company Limited.

Provision for credit losses declined by 30.8%, or \$470 million, due mainly to losses recorded on a large loan last year, however operating expenses increased by \$646 million in the six months ended March 31, 2013, over the six months ended March 31, 2012, mainly as a result of:

- Other operating expenses, which increased by 27.7%, or \$967 million, primarily due to insurance benefits and reserving expenses related to the acquisition of Advantage General Insurance Company Limited and asset taxes.
- Depreciation and amortisation, which increased by 48.5%, or \$179 million, due largely to increased capital expenditures on information technology equipment associated with our systems upgrade projects.

Financial performance (continued)

Loans and advances, which totalled \$128.8 billion (net of provision for credit losses) as at March 31, 2013, grew by 24.9%, or \$25.7 billion, compared to the loan portfolio as at March 31, 2012. Non-performing loans totalled \$7.5 billion as at March 31, 2013 (\$7.5 billion as at March 31, 2012) and represented 5.7% of the gross loans compared to 7.1% as at March 31, 2012. Our activities to ensure that delinquency management processes remain robust and proactive are ongoing and we continue to make the necessary adjustments to respond to changes in the environment. The regulatory provision coverage at March 31, 2013 was 117.3% of non-performing loans compared to 114.3% at March 31, 2012.

As reported by the Bank of Jamaica, at December 31, 2012, NCBJ held the largest market share in loans (38.7%) and second largest market share in deposits (38.3%) in the commercial banking industry, and remains the largest commercial bank in Jamaica when measured by assets and capital base.

Segment performance for the six months ended March 31, 2013

The commercial banking activities, comprising, Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments produced combined operating profits of \$2.4 billion, for the six months ended March 31, 2013, a decrease of 24.1%, or \$757 million, when compared to the six months ended March 31, 2012.

Retail & SME

Operating profits of \$342 million increased by 11.2%, or \$34 million, primarily due to increased interest income and fee and commission income driven by the growth in the loan portfolio, despite increased provisions for credit losses and operating expenses.

Payment Services

Operating profits of \$985 million increased by 10.3%, or \$92 million, driven mainly by increased net interest income and net fee and commission income, due to continued growth in the credit card receivables portfolio and acquiring business in the six months ended March 31, 2013.

Corporate Banking

Operating profits of \$531 million increased by \$592 million, mainly attributed to lower provisions for credit losses, when compared to the prior year.

Treasury & Correspondent Banking

Operating profits of \$519 million decreased by 74.0%, or \$1.5 billion, and was mostly due to losses incurred following our participation in the debt exchange programmes, resulting in losses on investment activities.

Wealth Management

Operating profits of \$2.3 billion increased by 6.4%, or \$138 million, primarily due to increased net interest income and increased dividends received.

Insurance and Pension Fund Management

Operating profits of \$1.4 billion decreased by 4.0% or \$59 million. The operating profits for this segment now include the post-acquisition earnings, reserves and operating expenses of Advantage General Insurance Company Limited. However, the impact of the operating profit from this acquisition was reduced mainly by a reduction in interest income and gains on foreign currency and investment activities.

Capital management

The Group's stockholders' equity of \$68.2 billion as at March 31, 2013 grew by 7.9%, or \$5.0 billion, when compared to March 31, 2012.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 12.5% (March 31, 2012 – 14.4%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCB Capital Markets Limited (NCBCM) was 21.3% (March 31, 2012 – 32.0%).
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCB Insurance Company Limited (NCBIC) was 35.1% (March 31, 2012 – 35.1%).

Dividends

The Board of Directors, at its meeting on April 25, 2013, declared an interim dividend of \$0.16 per ordinary stock unit. The dividend is payable on May 24, 2013 for stockholders on record as at May 10, 2013.

Corporate Social Responsibility

In pursuit of building the communities we serve, we contributed over \$22 million to a number of social projects during the six months ended March 31, 2013. The areas of focus were Education, Community Development and Youth Leadership and Entrepreneurship and some of our activities for the current quarter are highlighted below.

Education

We supported the Jamaica Chamber of Commerce (JCC) Education Committee's Literacy Intervention Programme. The programme, which is designed to assist 40 at risk students, aged 16-21 years, from inner-city communities and is aimed at improving their reading and numeracy skills, thus enhancing their employment marketability.

Community Development

During the quarter, we assisted community-based organisations and institutions whose activities impact community members in a meaningful way. Among the initiatives supported were the St. Patrick's Foundation youth empowerment programme, namely St. Patrick's Rangers and their Christ Redeemer Human Resource Centre, which currently serves 127 young adults.

Youth Leadership & Entrepreneurship

In this area, we assisted visually impaired students from the Heart College of Beauty Services in acquiring educational tools and equipment.

We are extremely grateful to our customers, shareholders, employees and other key stakeholders whose support has allowed us to fulfil our mantra of *Building a Better Jamaica*.

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

Unaudited Consolidated Income Statement

Six months ended March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

| | Note | CURRENT YEAR | | | PRIOR YEAR | |
|--|------|------------------|------------------|-------------------|------------------|-------------------|
| | | Quarter ended | Quarter ended | Year to date | Quarter ended | Year to date |
| | | March 31 | December 31 | March 31 | March 31 | March 31 |
| | | 2013 | 2012 | 2013 | 2012 | 2012 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating income | | | | | | |
| Interest income | | 8,139,446 | 8,192,303 | 16,331,749 | 7,506,659 | 15,053,857 |
| Interest expense | | (2,252,413) | (2,292,387) | (4,544,800) | (2,107,571) | (4,315,169) |
| Net interest income | | 5,887,033 | 5,899,916 | 11,786,949 | 5,399,088 | 10,738,688 |
| Fee and commission income | | 2,313,624 | 2,417,482 | 4,731,106 | 2,044,628 | 4,081,195 |
| Fee and commission expense | | (461,762) | (346,185) | (807,947) | (320,683) | (564,987) |
| Net fee and commission income | | 1,851,862 | 2,071,297 | 3,923,159 | 1,723,945 | 3,516,208 |
| (Loss)/gain on foreign currency and investment activities | 4 | (728,717) | 796,273 | 67,556 | 1,428,328 | 2,434,947 |
| Dividend income | | 51,040 | 113,415 | 164,455 | 6,591 | 37,259 |
| Premium income | 6 | 1,506,276 | 262,170 | 1,768,446 | 739,817 | 1,021,362 |
| Other operating income | | 32,833 | 19,993 | 52,826 | 25,374 | 40,649 |
| | | 861,432 | 1,191,851 | 2,053,283 | 2,200,110 | 3,534,217 |
| | | 8,600,327 | 9,163,064 | 17,763,391 | 9,323,143 | 17,789,113 |
| Operating expenses | | | | | | |
| Staff costs | | 2,793,522 | 2,800,496 | 5,594,018 | 2,618,731 | 5,332,835 |
| Provision for credit losses | | 493,705 | 563,014 | 1,056,719 | 1,214,288 | 1,526,795 |
| Depreciation and amortisation | | 291,477 | 256,175 | 547,652 | 198,047 | 368,761 |
| Impairment losses on securities | | - | - | - | 314,000 | 314,000 |
| Other operating expenses | | 3,294,461 | 2,033,283 | 5,327,744 | 2,464,989 | 4,337,693 |
| | | 6,873,165 | 5,652,968 | 12,526,133 | 6,810,055 | 11,880,084 |
| Operating profit | | 1,727,162 | 3,510,096 | 5,237,258 | 2,513,088 | 5,909,029 |
| Share of profit of associates | | 252,222 | 165,662 | 417,884 | 178,308 | 323,729 |
| Dilution of share in associate | | - | 1,050 | 1,050 | - | - |
| Profit before taxation | | 1,979,384 | 3,676,808 | 5,656,192 | 2,691,396 | 6,232,758 |
| Taxation | | (234,932) | (890,448) | (1,125,380) | (687,594) | (1,460,004) |
| NET PROFIT | | 1,744,452 | 2,786,360 | 4,530,812 | 2,003,802 | 4,772,754 |
| Earnings per stock unit (expressed in \$ per share) | | | | | | |
| Basic and diluted | | 0.71 | 1.13 | 1.84 | 0.81 | 1.93 |

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

| | Quarter ended March 31 2013 \$'000 | Quarter ended December 31 2012 \$'000 | Year to date March 31 2013 \$'000 | Quarter ended March 31 2012 \$'000 | Year to date March 31 2012 \$'000 |
|---|---|--|--|---|--|
| Net Profit | 1,744,452 | 2,786,360 | 4,530,812 | 2,003,802 | 4,772,754 |
| Other comprehensive income, net of tax | | | | | |
| Currency translation gains | 150,869 | 74,074 | 224,943 | 42,598 | 47,933 |
| Unrealised (losses)/gains on available-for-sale investments | (1,395,935) | (75,956) | (1,471,891) | (194,463) | 281,159 |
| Realised fair value losses/(gains) on sale and maturity of available-for-sale investments | 1,049,491 | (379,753) | 669,738 | (1,185,906) | (2,085,733) |
| | (195,575) | (381,635) | (577,210) | (1,337,771) | (1,756,641) |
| TOTAL COMPREHENSIVE INCOME | 1,548,877 | 2,404,725 | 3,953,602 | 666,031 | 3,016,113 |

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Financial Position

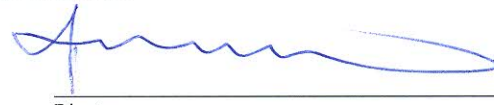
March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

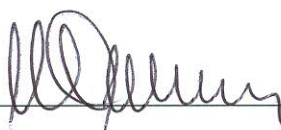
| | Note | March 31 2013 \$'000 | September 30 2012 \$'000 | Restated March 31 2012 \$'000 |
|--|------|----------------------------|--------------------------------|--|
| ASSETS | | | | |
| Cash in hand and balances at Bank of Jamaica | | 26,157,152 | 24,102,812 | 21,298,524 |
| Due from other banks | | 17,128,374 | 14,927,069 | 17,940,402 |
| Derivative financial instruments | | 6,337 | 4,978 | 21,084 |
| Investment securities at fair value through profit or loss | | 433,761 | 720,406 | 1,034,377 |
| Reverse repurchase agreements | | 513,895 | 408,294 | 1,761,875 |
| Loans and advances, net of provision for credit losses | | 128,821,798 | 111,904,854 | 103,129,915 |
| Investment securities classified as available-for-sale and loans and receivables | 4 | 219,270,106 | 209,933,151 | 208,617,883 |
| Investment in associates | | 7,160,781 | 7,149,680 | 6,670,764 |
| Investment properties | 7 | 945,400 | 12,500 | 12,500 |
| Intangible assets | 8 | 1,748,041 | 1,135,599 | 988,480 |
| Property, plant and equipment | | 5,565,471 | 5,231,798 | 4,568,493 |
| Deferred income tax assets | | 142,465 | 19,483 | 26,130 |
| Income tax recoverable | | 2,170,070 | 887,577 | 1,391,836 |
| Customers' liability - letters of credit and undertaking | | 619,399 | 530,719 | 322,249 |
| Other assets | | 3,397,848 | 2,466,599 | 2,893,604 |
| Total assets | | 414,080,898 | 379,435,519 | 370,678,116 |
| LIABILITIES | | | | |
| Due to other banks | | 17,451,158 | 9,324,897 | 8,869,352 |
| Customer deposits | | 171,194,319 | 162,930,350 | 161,986,131 |
| Repurchase agreements | | 109,887,157 | 101,890,449 | 90,405,867 |
| Obligations under securitisation arrangements | | 1,524,900 | 2,593,201 | 11,040,453 |
| Derivative financial instruments | | 275 | 5,312 | 5,513 |
| Other borrowed funds | | 4,490,079 | 3,620,012 | 3,698,123 |
| Income tax payable | | 11,590 | 11,191 | 20,524 |
| Deferred income tax liabilities | | 2,017,394 | 1,398,092 | 1,582,119 |
| Liabilities under annuity and insurance contracts | 9 | 32,430,171 | 25,194,324 | 24,499,521 |
| Provision for litigation | | 16,500 | 17,300 | 19,300 |
| Post-employment benefit obligations | | 1,022,816 | 810,276 | 645,641 |
| Liability - letters of credit and undertaking | | 619,399 | 530,719 | 322,249 |
| Other liabilities | | 5,254,637 | 4,766,075 | 4,362,055 |
| Total liabilities | | 345,920,395 | 313,092,198 | 307,456,848 |
| 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 | | 1,619,810 | 2,194,179 | 3,388,767 |
| Loan loss reserve | | 4,892,856 | 4,662,842 | 4,664,603 |
| Banking reserve fund | | 6,512,634 | 6,512,634 | 6,327,078 |
| Retained earnings reserve | | 15,346,657 | 14,013,657 | 14,013,657 |
| Retained earnings | | 33,326,203 | 32,497,666 | 28,364,820 |
| Total stockholders' equity | | 68,160,503 | 66,343,321 | 63,221,268 |
| Total equity and liabilities | | 414,080,898 | 379,435,519 | 370,678,116 |

Approved for issue by the Board of Directors on April 25, 2013 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, 2013

(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 as at October 1, 2011 | 6,465,731 | (3,388) | 5,166,594 | 4,922,610 | 6,039,667 | 11,375,761 | 28,010,289 | 61,977,264 |
| Total comprehensive income | - | - | (1,777,827) | 21,186 | - | - | 4,772,754 | 3,016,113 |
| Dividends paid | - | - | - | - | - | - | (1,772,109) | (1,772,109) |
| Transfer from Loan loss reserve | - | - | - | (279,193) | - | - | 279,193 | - |
| Transfer to Banking reserve fund | - | - | - | - | 287,411 | - | (287,411) | - |
| Transfer to Retained earnings reserve | - | - | - | - | - | 2,637,896 | (2,637,896) | - |
| Balance at March 31, 2012 | 6,465,731 | (3,388) | 3,388,767 | 4,664,603 | 6,327,078 | 14,013,657 | 28,364,820 | 63,221,268 |
| Balance as at October 1, 2012 | 6,465,731 | (3,388) | 2,194,179 | 4,662,842 | 6,512,634 | 14,013,657 | 32,497,666 | 66,343,321 |
| Total comprehensive income | - | - | (574,369) | 2,841 | - | - | 4,530,812 | 3,959,284 |
| Dividends paid | - | - | - | - | - | - | (2,142,102) | (2,142,102) |
| Transfer to Retained earnings reserve | - | - | - | - | - | 1,333,000 | (1,333,000) | - |
| Transfer to Loan loss reserve | - | - | - | 227,173 | - | - | (227,173) | - |
| Balance at March 31, 2013 | 6,465,731 | (3,388) | 1,619,810 | 4,892,856 | 6,512,634 | 15,346,657 | 33,326,203 | 68,160,503 |

National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

| | March 31 | March 31 |
|--|-------------------------|--------------------------|
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Cash Flows from Operating Activities | | |
| Net profit | 4,530,812 | 4,772,754 |
| Adjustments to reconcile net profit to net cash provided by operating activities | (3,567,417) | (644,413) |
| Net cash provided by operating activities | <u>963,395</u> | <u>4,128,341</u> |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (318,426) | (487,705) |
| Acquisition of intangible asset - computer software | (225,971) | (221,067) |
| Acquisition of subsidiary | (2,662,725) | - |
| Proceeds from disposal of property, plant and equipment | 1,870 | 3,646 |
| Purchases of investment securities | (253,140,150) | (141,335,332) |
| Sales/maturities of investment securities | 246,421,692 | 133,639,864 |
| Dividends received from associates | 194,355 | 98,357 |
| Net cash used in investing activities | <u>(9,729,355)</u> | <u>(8,302,237)</u> |
| Cash Flows from Financing Activities | | |
| Repayments under securitisation arrangements | (876,602) | (3,384,079) |
| Proceeds from other borrowed funds | 1,406,123 | 724,602 |
| Repayments of other borrowed funds | (465,100) | (2,486,220) |
| Dividends paid | (2,142,102) | (1,772,109) |
| Net cash used in financing activities | <u>(2,077,681)</u> | <u>(6,917,806)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 1,541,707 | 650,720 |
| Net decrease in cash and cash equivalents | (9,301,934) | (10,440,982) |
| Cash and cash equivalents at beginning of period | 16,717,197 | 38,609,519 |
| Cash and cash equivalents at end of period | <u>7,415,263</u> | <u>28,168,537</u> |
| Comprising: | | |
| Cash in hand and balances at Bank of Jamaica | 6,439,352 | 4,272,727 |
| Due from other banks | 17,128,374 | 17,940,402 |
| Reverse repurchase agreements | 275,877 | 130,000 |
| Investment securities | 1,022,818 | 14,694,760 |
| Due to other banks | (17,451,158) | (8,869,352) |
| | <u>7,415,263</u> | <u>28,168,537</u> |

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2013

| | Consumer & SME | | | | | | | Eliminations | Consolidated |
|---|------------------|------------------|-------------------|----------------------------------|-------------------|-------------------------------------|---------------|--------------------|--------------------|
| | Retail & SME | Payment Services | Corporate Banking | Treasury & Correspondent Banking | Wealth Management | Insurance & Pension Fund Management | Other | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| External revenue | 6,580,152 | 3,460,526 | 1,984,181 | 2,654,410 | 4,490,527 | 3,926,264 | 20,078 | - | 23,116,138 |
| Revenue from other segments | 1,395,211 | - | 844 | 864,615 | 364,575 | 31,656 | 44,254 | (2,701,155) | - |
| Total revenue | 7,975,363 | 3,460,526 | 1,985,025 | 3,519,025 | 4,855,102 | 3,957,920 | 64,332 | (2,701,155) | 23,116,138 |
| Interest income | 6,206,420 | 1,275,373 | 1,682,252 | 4,084,566 | 4,046,354 | 1,459,836 | 17,441 | (2,440,961) | 16,331,281 |
| Interest expense | (752,992) | (336,523) | (894,280) | (2,455,606) | (2,013,761) | (522,043) | (235) | 2,440,961 | (4,534,479) |
| Net interest income | 5,453,428 | 938,850 | 787,972 | 1,628,960 | 2,032,593 | 937,793 | 17,206 | - | 11,796,802 |
| Net fee and commission income | 1,601,739 | 1,360,935 | 284,304 | 90,997 | 51,290 | 486,915 | 45,552 | (64,041) | 3,857,691 |
| Gain/(loss) on foreign currency and investment activities | 89,339 | 6,177 | 12,310 | (865,809) | 643,227 | 178,657 | (20,671) | 22,690 | 65,920 |
| Premium income | - | - | - | - | - | 1,783,145 | - | (14,699) | 1,768,446 |
| Other income | 32,349 | 2,610 | 1,715 | 206,691 | 113,524 | 49,368 | 22,009 | (220,174) | 208,092 |
| Total operating income | 7,176,855 | 2,308,572 | 1,086,301 | 1,060,839 | 2,840,634 | 3,435,878 | 64,096 | (276,224) | 17,696,951 |
| Staff costs | 2,661,198 | 140,571 | 118,706 | 65,459 | 209,623 | 376,674 | 30,570 | (15,533) | 3,587,268 |
| Provision for credit losses | 741,194 | 349,764 | (34,244) | - | - | - | - | - | 1,056,714 |
| Depreciation and amortisation | 75,549 | 39,893 | 2,763 | 51,365 | 3,797 | 24,254 | 744 | 11,940 | 210,305 |
| Other operating expenses | 1,053,295 | 461,244 | 277,164 | 315,424 | 333,293 | 1,636,387 | 12,150 | (84,636) | 4,004,321 |
| Total operating expense | 4,531,236 | 991,472 | 364,389 | 432,248 | 546,713 | 2,037,315 | 43,464 | (88,229) | 8,858,608 |
| Operating profit before allocated costs | 2,645,619 | 1,317,100 | 721,912 | 628,591 | 2,293,921 | 1,398,563 | 20,632 | (187,995) | 8,838,343 |
| Allocated costs | (2,303,340) | (332,210) | (190,490) | (109,160) | - | - | - | - | (2,935,200) |
| Operating profit | 342,279 | 984,890 | 531,422 | 519,431 | 2,293,921 | 1,398,563 | 20,632 | (187,995) | 5,903,143 |
| Unallocated corporate expenses | | | | | | | | | (665,885) |
| Share of profits of associates | | | | | | | | | 417,884 |
| Dilution of share in associate | | | | | | | | | 1,050 |
| Profit before taxation | | | | | | | | | 5,656,192 |
| Taxation | | | | | | | | | (1,125,380) |
| Net Profit | | | | | | | | | 4,530,812 |
| Segment assets | 146,035,509 | 10,472,845 | 53,038,287 | 131,852,405 | 118,771,205 | 44,346,758 | 1,066,471 | (102,840,603) | 402,742,878 |
| Associates | | | | | | | | | 7,160,781 |
| Unallocated assets | | | | | | | | | 4,177,239 |
| Total assets | | | | | | | | | 414,080,898 |
| Segment liabilities | 131,742,524 | 7,352,849 | 41,848,575 | 121,398,510 | 102,692,958 | 32,742,127 | 288,951 | (94,697,557) | 343,368,936 |
| Unallocated liabilities | | | | | | | | | 2,551,459 |
| Total liabilities | | | | | | | | | 345,920,395 |
| Capital expenditure | 383,652 | 65,802 | 13,189 | 21,121 | 13,295 | 40,485 | 6,853 | - | 544,397 |

National Commercial Bank Jamaica Limited

Unaudited Segment Report

Six months ended March 31, 2012

| | Consumer & SME | | | | | | | Eliminations | Consolidated |
|--|------------------|------------------|-------------------|----------------------------------|-------------------|-------------------------------------|----------------|--------------------|--------------------|
| | Retail & SME | Payment Services | Corporate Banking | Treasury & Correspondent Banking | Wealth Management | Insurance & Pension Fund Management | Other | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | |
| External revenue | 5,776,220 | 2,701,173 | 1,899,700 | 4,317,592 | 4,680,117 | 3,248,648 | 45,819 | - | 22,669,269 |
| Revenue from other segments | 1,549,791 | - | 1,384 | 491,897 | 230,541 | 32,891 | 92,226 | (2,398,730) | - |
| Total revenue | 7,326,011 | 2,701,173 | 1,901,084 | 4,809,489 | 4,910,658 | 3,281,539 | 138,045 | (2,398,730) | 22,669,269 |
| Interest income | 5,646,871 | 1,018,605 | 1,575,037 | 3,627,990 | 3,893,016 | 1,427,968 | 17,183 | (2,153,334) | 15,053,336 |
| Interest expense | (721,081) | (272,241) | (530,655) | (2,445,830) | (1,967,068) | (517,387) | (1,053) | 2,153,334 | (4,301,981) |
| Net interest income | 4,925,790 | 746,364 | 1,044,382 | 1,182,160 | 1,925,948 | 910,581 | 16,130 | - | 10,751,355 |
| Net fee and commission income | 1,497,007 | 1,099,912 | 308,842 | 86,026 | 80,266 | 419,719 | 47,971 | (93,640) | 3,446,103 |
| Gain on foreign currency and investment activities | 66,761 | 4,187 | 13,373 | 1,068,594 | 924,794 | 389,179 | (4,342) | (36,634) | 2,425,912 |
| Premium income | - | - | - | - | - | 1,037,093 | - | (15,731) | 1,021,362 |
| Other operating income | 31,185 | 3,495 | 2,045 | 120,656 | 15,741 | 7,608 | 22,684 | (141,827) | 61,587 |
| Total operating income | 6,520,743 | 1,853,958 | 1,368,642 | 2,457,436 | 2,946,749 | 2,764,180 | 82,443 | (287,832) | 17,706,319 |
| Staff costs | 2,382,189 | 98,485 | 115,075 | 86,719 | 228,425 | 276,454 | 49,030 | (13,736) | 3,222,641 |
| Provision for credit losses | 319,677 | 179,373 | 1,027,934 | - | - | - | - | - | 1,526,984 |
| Depreciation and amortisation | 66,696 | 28,282 | 2,544 | 32,414 | 2,648 | 17,996 | 475 | - | 151,055 |
| Impairment losses on securities | - | - | - | - | 314,000 | - | - | - | 314,000 |
| Other operating expenses | 1,149,822 | 342,297 | 80,185 | 187,935 | 245,970 | 1,012,520 | 12,224 | (139,105) | 2,891,848 |
| Total operating expenses | 3,918,384 | 648,437 | 1,225,738 | 307,068 | 791,043 | 1,306,970 | 61,729 | (152,841) | 8,106,528 |
| Operating profit before allocated cost | 2,602,359 | 1,205,521 | 142,904 | 2,150,368 | 2,155,706 | 1,457,210 | 20,714 | (134,991) | 9,599,791 |
| Allocated costs | (2,294,469) | (312,678) | (203,590) | (155,704) | - | - | - | - | (2,966,441) |
| Operating profit | 307,890 | 892,843 | (60,686) | 1,994,664 | 2,155,706 | 1,457,210 | 20,714 | (134,991) | 6,633,350 |
| Unallocated corporate expenses | | | | | | | | | (724,321) |
| Share of profit of associates | | | | | | | | | 323,729 |
| Profit before taxation | | | | | | | | | 6,232,758 |
| Taxation | | | | | | | | | (1,460,004) |
| Net Profit | | | | | | | | | 4,772,754 |
| Segment assets | 134,260,543 | 8,180,681 | 49,353,318 | 125,912,159 | 103,611,218 | 33,032,246 | 1,067,144 | (93,110,995) | 362,306,314 |
| Associates | | | | | | | | | 6,670,764 |
| Unallocated assets | | | | | | | | | 1,701,038 |
| Total assets | | | | | | | | | 370,678,116 |
| Segment liabilities | 126,042,351 | 6,544,675 | 35,554,033 | 115,018,083 | 88,088,290 | 24,605,183 | 232,675 | (90,681,087) | 305,404,203 |
| Unallocated liabilities | | | | | | | | | 2,052,645 |
| Total liabilities | | | | | | | | | 307,456,848 |
| Capital expenditure | 473,703 | 81,122 | 15,592 | 79,130 | 25,617 | 27,694 | 5,914 | - | 708,772 |

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2013

(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 Act, 1992. The Bank is a 50.63% (March 31, 2012 - 52.96%) 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 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 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 condensed consolidated interim financial statements for the six months ended March 31, 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2012 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2012.

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 management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Insurance & pension fund management – This incorporates life insurance, general insurance, pension and investment management services.
- The Group's insurance brokerage services, trustee services, registrar and transfer agent services are classified as Other for segment reporting.

4. National Debt Exchange and Private Debt Exchange

On February 22, 2013 and March 22, 2013, the Group exchanged an aggregate of \$125 billion of Government of Jamaica securities in a National Debt Exchange and Private Debt Exchange. The securities were exchanged for other securities with lower coupons and longer maturities. The aggregate loss on these transactions is included in (loss)/gain on foreign currency and investment activities for the six months ended March 31, 2013.

5. Acquisition of Advantage General Insurance Company Limited

NCB Capital Markets Limited acquired 100% of the issued share capital of Advantage General Insurance Company Limited (AGI) during the quarter ended March 31, 2013. A total of 96.24% of these shares were acquired from AIC (Barbados) Limited and ACF Holdings Insureco Limited. Both AIC (Barbados) Limited and ACF Holdings Insureco Limited are controlled by the chairman of the Bank.

The excess of purchase consideration over the net identifiable assets has been recorded in the financial statements as goodwill.

In accordance with the measurement provisions of IFRS 3, the Group will retrospectively adjust the amounts recognised as at acquisition date for any additional information obtained in relation to assets, liabilities or contingent consideration recognised.

National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

March 31, 2013

(expressed in Jamaican dollars unless otherwise indicated)

| 6. Premium income | Year to date | Year to date |
|-----------------------------|------------------|------------------|
| | March 31 | March 31 |
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Annuity contracts | 420,869 | 660,087 |
| Life insurance contracts | 437,647 | 361,275 |
| General insurance contracts | 909,930 | - |
| | <u>1,768,446</u> | <u>1,021,362</u> |

7. Investment properties

| | March 31 | September 30 | March 31 |
|--------------------------------------|----------------|---------------|---------------|
| | 2013 | 2012 | 2012 |
| | \$'000 | \$'000 | \$'000 |
| Balance at beginning of year | 12,500 | 12,000 | 12,000 |
| Arising on acquisition of subsidiary | 932,900 | - | - |
| Fair value gains | - | 500 | 500 |
| Balance at end of period | <u>945,400</u> | <u>12,500</u> | <u>12,500</u> |

The investment properties arising on acquisition of subsidiary are stated at fair market value as appraised by Allison Pitter and Company as at December 2012.

| 8. Intangible assets | Computer software | Goodwill | Customer relationships | Trademark | Total |
|--------------------------------------|-------------------|--------------|------------------------|----------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Net book value at beginning of year | 1,135,599 | - | - | - | 1,135,599 |
| Additions | 218,865 | - | - | - | 218,865 |
| Arising on acquisition of subsidiary | 7,107 | 8,733 | 358,162 | 238,974 | 612,976 |
| Amortisation charge | (207,459) | - | (9,949) | (1,991) | (219,399) |
| Net book value at end of period | <u>1,154,112</u> | <u>8,733</u> | <u>348,213</u> | <u>236,983</u> | <u>1,748,041</u> |
| Cost | 3,911,731 | 8,733 | 358,162 | 238,974 | 4,517,600 |
| Accumulated depreciation | (2,757,619) | - | (9,949) | (1,991) | (2,769,559) |
| Net book value | <u>1,154,112</u> | <u>8,733</u> | <u>348,213</u> | <u>236,983</u> | <u>1,748,041</u> |

9. Liabilities under annuity and insurance contracts

| | March 31 | September 30 | March 31 |
|--|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2012 |
| | \$'000 | \$'000 | \$'000 |
| Annuities and life insurance | 25,970,266 | 25,194,324 | 24,499,521 |
| General insurance - arising on acquisition of subsidiary | 6,459,905 | - | - |
| | <u>32,430,171</u> | <u>25,194,324</u> | <u>24,499,521</u> |

10. Proposed acquisition

NCB Capital Markets Limited, a wholly owned subsidiary of National Commercial Bank Jamaica Limited, has announced its intention to acquire AIC Finance Limited, a licensed financial institution in Trinidad and Tobago. The transaction is pending regulatory approval in both Trinidad and Tobago and Jamaica. AIC Finance Limited is an indirect subsidiary of AIC (Barbados) Limited, which is controlled by the chairman of the Bank.

**INTEREST/OWNERSHIP OF SECURITIES BY DIRECTORS AND SENIOR MANAGERS IN
NATIONAL COMMERCIAL BANK JAMAICA LIMITED
AS AT MARCH 31, 2013**

| DIRECTORS | Total | Direct | Connected Parties |
|---------------------------------|---------------|---------------|--------------------------|
| Robert Almeida | 50,423,689 | 142,799 | 50,280,890 |
| Wayne Chen | 1,287,915,511 | 14,044 | 1,287,901,467 |
| Dennis Cohen | 73,039,457 | 86,480 | 72,952,977 |
| Sandra Glasgow | 73,015,026 | 65,049 | 72,949,977 |
| Sanya Goffe | 4,340 | 4,340 | 0 |
| Hon. Noel Hylton, OJ, CD | 354,074 | 14,044 | 340,030 |
| Patrick Hylton, CD | 425,072 | 425,072 | 0 |
| Hon. Michael Lee-Chin, OJ | 1,581,303,774 | 1,928,972 | 1,579,374,802 |
| Thalia Lyn | 73,117,935 | 152,838 | 72,965,097 |
| 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 |
| Bernadette Barrow | 0 | 0 | 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 |
| Ffrench Campbell | 57,660 | 57,660 | 0 |
| Nichole Case | 0 | 0 | 0 |
| Lennox Channer | 354 | 0 | 354 |
| Yvonne Clarke | 67,871 | 67,871 | 0 |
| Dennis Cohen | 73,039,457 | 86,480 | 72,952,977 |
| Euton Cummings | 0 | 0 | 0 |
| Raymond Donaldson | 0 | 0 | 0 |
| Loren Edwards | 7,100 | 7,100 | 0 |
| Dave Garcia | 11,210 | 11,210 | 0 |
| Howard Gordon | 0 | 0 | 0 |
| Peter Higgins | 0 | 0 | 0 |
| Barbara Hume | 69,900 | 43,320 | 26,580 |
| Patrick Hylton, CD | 425,072 | 425,072 | 0 |
| Vernon James | 99,504 | 99,504 | 0 |
| Ramon Lewis | 0 | 0 | 0 |
| Alison Lynn | 36,075 | 36,075 | 0 |
| Sheree Martin | 12,436 | 12,436 | 0 |
| Nadeen Matthews | 10,000 | 10,000 | 0 |
| Lincoln McIntyre | 134,307 | 133,067 | 1,240 |
| Anne McMorris-Cover | 940 | 940 | 0 |
| Nadienne Neita | 38,914 | 23,502 | 15,412 |
| Marva Peynado | 52,338 | 52,338 | 0 |
| Norman Reid | 65,934 | 65,934 | 0 |
| Stuart Reid | 89,630 | 89,630 | 0 |
| Marcia Reid-Grant | 1,250 | 1,250 | 0 |
| Claudette Rodriquez | 42,147 | 42,147 | 0 |
| Deryck Russell | 229,517 | 108,089 | 121,428 |
| Malcolm Sadler | 0 | 0 | 0 |
| Marjorie Seeberan | 76,339 | 76,339 | 0 |
| Audrey Tugwell Henry | 0 | 0 | 0 |
| Tanya Watson Francis | 600 | 600 | 0 |
| Mukisa Wilson Ricketts | 0 | 0 | 0 |
| Allison Wynter | 73,050,766 | 100,789 | 72,949,977 |

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
10 LARGEST SHAREHOLDERS AS AT MARCH 31, 2013**

| Name of Shareholder | Units | Percentage Ownership |
|--|---------------|-----------------------------|
| AIC (Barbados) Limited | 1,249,017,480 | 50.63% |
| Harprop Limited | 214,372,000 | 8.69% |
| Sagicor PIF Equity Fund | 114,046,550 | 4.62% |
| NCB Insurance Co. Ltd WT 109 | 62,989,156 | 2.55% |
| AIC Global Holdings Inc | 49,565,238 | 2.01% |
| Ideal Portfolio Services Company Limited | 45,766,719 | 1.86% |
| Portland (Barbados) Limited | 38,045,232 | 1.54% |
| SJIML A/C 3119 | 22,449,381 | 0.91% |
| Beta SPV Limited | 21,000,000 | 0.85% |
| Grace Kennedy Pension Scheme | 18,923,296 | 0.77% |

**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
SHAREHOLDER PROFILE AS AT MARCH 31, 2013**

| Number of Shareholders | Ownership of Each Shareholder | Total Percentage Ownership | Number of Units |
|---------------------------------|--------------------------------------|-----------------------------------|------------------------|
| (1) shareholder with 6 accounts | 50.63% | 50.63% | 1,249,017,480 |
| 1 | 6-9% | 8.69% | 214,372,000 |
| 5 | 1-4% | 12.58% | 310,412,895 |
| 36,081 | Less than 1% | 28.10% | 692,960,453 |
| 36,088 | | 100.00% | 2,466,762,828 |