

The Board of Directors is pleased to release the following unaudited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the six months ended 31 March 2011.

PERFORMANCE HIGHLIGHTS

Half Year ended March 2011 compared with Half Year ended March 2010

- Net Profit of \$6.12 billion, an increase of \$799 million or 15.0%.
- Earnings per Stock Unit of \$2.49 grew by \$0.33 or 15.0%.
- Operating Revenue of \$17.16 billion, increased by 16.7% or \$2.45 billion.
- Cost to Income Ratio increased to 53.30% from 53.27%.
- Return on Average Assets increased to 3.59% from 3.34%.
- Total Assets of \$346.8 billion, increased by 7.3% or \$23.5 billion.
- Net Loans of \$88.3 billion, grew by 1.8% or \$1.5 billion.
- Customer Deposits of \$142.7 billion, increased by 2.3% or \$3.2 billion.
- Return on Average Equity declined to 23.64% from 24.76%.
- Risk-Based Capital Adequacy Ratio decreased to 15.12% from 15.15%.

Quarter ended March 2011 compared with Quarter ended December 2010

- Net Profit of \$3.12 billion, increased by 3.8% or \$113 million.
- Earnings per Stock Unit of \$1.27 increased by 3.8%.
- Cost to Income Ratio increased to 53.82% from 52.80%.
- Return on Average Assets increased to 3.63% from 3.55%.
- Risk-Based Capital Adequacy Ratio decreased to 15.12% from 15.48%.

The \$2.45 billion increase in Operating Revenue over the six months ended March 2010 is mainly as a result of:

- insurance premium income, which increased by \$1.4 billion due to annuities booked,
- gain on foreign currency and investments activities, which increased by \$928 million,
- net fee and commission income which increased by J\$246 million due to increased volumes of new retail and SME loans and card and retail banking transactions.

Operating Expenses increased by \$1.3 billion or 15.3% over the six months ended March 2010, and this was primarily due to increased costs associated with the new annuity business. In the area of staff costs, the reduction of J\$447 million is a combination of the inclusion of significant restructuring costs in the March 2010 figures and the overall impact on the March 2011 figures of the lower staff costs arising from the restructuring exercise.

SEGMENT PERFORMANCE

During the quarter, the Group implemented some changes to better align the organization structure and strategic focus. This change involved the further segmentation of the retail business into Payment Services (which includes the card business) and Retail and Small Medium Enterprises (SME). We have adjusted our segment report to reflect this change and the combined Payment Services and Retail and SME segments are now referred to as Consumer and SME. While there has been no change to the other segments, we have amended the names to add greater clarity.

The Consumer & SME, Corporate Banking, and Treasury & Correspondent Banking segments which comprise the commercial banking activities, reported combined operating results of \$4.89 billion for the six months ended 31 March 2011; this represents an increase of \$612 million or 14% over the prior year.

All segments, with the exception of Corporate Banking, reported improved results over the six months ended 31 March 2011. In the case of Corporate Banking, the reduction is attributed to a reduction in the rate of growth resulting in a lower loan balance and the impact on interest income of a large loan that was classified as non-performing at the quarter end. The loan is fully secured and, consistent with our practice, we have taken a full regulatory provision, however no losses are anticipated.

Loans and advances, which totalled \$88.3 billion (net of provision for credit losses) as at 31 March 2011, grew by \$1.5 billion compared to the loan portfolio as at 31 March 2010. Non-performing loans totalled \$6.6 billion as at March 2011 (\$2.9 billion as at March 2010) and represented 7.4% of the gross loans compared to 3.3% as at 31 March 2010. Our provision coverage as at March 2011 was 115.9% compared to 141.3% at March 2010.

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

Our Wealth Management segment contributed operating profits of \$2.15 billion for the six months ended 31 March 2011; the result for this segment reflects an 18% increase over the prior March 2010 period. The growth over the prior year's results is due mainly to increase in gains from investment activities.

Our Insurance and Pension Fund Management segment reported operating profits of \$1.24 billion for the six months ended 31 March 2011, representing growth of \$196 million or 19% over the prior year's results, due mainly to increased income from annuity premiums.

CAPITAL

The Group's Stockholders' Equity of \$54.8 billion increased by \$9.8 billion or 21.7% when compared to 31 March 2010.

- The Risk-Based Capital Ratio for NCBJ was 15.1% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica (31 March 2010 – 15.2%).
- The Capital to Risk Weighted Assets Ratio for NCBCM was 75.9% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (31 March 2010 – 61.0%).
- The Solvency Ratio for NCBIC was 30.9% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (31 March 2010 – 26.9%).

DIVIDENDS

On 28 April 2011, the Board declared an interim dividend of \$0.18 per ordinary stock unit. The dividend is payable on 27 May 2011 for stockholders on record as at 13 May 2011.

AWARDS

For the second consecutive year NCB Insurance Company Limited (NCBIC), was the recipient of the **World Finance Awards' Best "Pension Fund of the Year" for the Caribbean** (2011 and 2010). General Manager, Ann-Marie Hamilton attributes this success and growth of the company to the management of interest spreads, the high level of talent harnessed and trained by the company and a very aggressive pricing policy for the growth and retention of market share.

COMMUNITY RELATIONS

In pursuit of our mantra "Building a Better Jamaica", we contributed \$8 million in the areas of Education, Community Development, Youth Leadership and Entrepreneurship for the quarter.

Education

We awarded ten (10) scholarships to members of the Jamaica Constabulary Force (JCF) St. Andrew North Division to pursue courses at Heart NTA. In addition, we donated computers to various schools across the island namely, Allman Hill Primary, St. Catherine Prep, Mountain View Primary, Brown's Town Primary School, Westphalia All Age, and Port Antonio High School.

COMMUNITY RELATIONS (continued)

Community Development

With our continued focus on assisting with the development of communities in which we serve, we contributed \$3 million in this area. We assisted the Jamaica Constabulary Force - Trelawny Division with the purchase of appliances, and donated a laptop and multimedia projector to the South East Regional Health Authority - St. Thomas Health Services Centre. In addition, the Spanish Town Citizens Against Gun Violence received funding towards a programme which is designed to provide training in basic mathematics to community members.

Youth Leadership & Entrepreneurship

Our main activity for the quarter in this area was the launch of the Michael Lee Chin Youth Lecture Series which will involve leading Jamaican luminaries interacting with tertiary level students across the island through seminars.

Our staff members continue to be heavily involved in the activities of the NCB Foundation and we wish to express our deep appreciation to them for their enthusiastic support of these activities, as well as their continued contribution to our organisation's success.

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

Six months ended 31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter Ended	Quarter Ended	Year to Date	Quarter Ended	Year to Date
	31 March	31 December	31 March	31 March	31 March
	2011	2010	2011	2010	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income					
Interest income	7,312,184	7,816,133	15,128,317	8,331,096	17,688,573
Interest expense	(2,337,181)	(2,410,473)	(4,747,654)	(3,215,072)	(7,148,175)
Net interest income	4,975,003	5,405,660	10,380,663	5,116,024	10,540,398
Fee and commission income	1,807,088	1,824,983	3,632,071	1,712,327	3,358,680
Fee and commission expense	(286,958)	(237,431)	(524,389)	(260,161)	(497,091)
Net fee and commission income	1,520,130	1,587,552	3,107,682	1,452,166	2,861,589
Gain on foreign currency and investment activities	1,191,174	732,181	1,923,355	451,843	995,536
Dividend income	3,069	5,778	8,847	3,125	48,696
Insurance premium income	833,855	839,462	1,673,317	115,802	239,016
Other operating income	34,378	30,361	64,739	6,085	23,224
	2,062,476	1,607,782	3,670,258	576,855	1,306,472
	8,557,609	8,600,994	17,158,603	7,145,045	14,708,459
Operating Expenses					
Staff costs	2,262,912	2,279,998	4,542,910	2,588,694	4,989,475
Provision for credit losses	155,424	260,523	415,947	219,597	458,082
Depreciation and amortisation	144,027	138,959	282,986	132,064	273,066
Other operating expenses	2,198,383	2,122,059	4,320,442	1,272,352	2,572,122
	4,760,746	4,801,539	9,562,285	4,212,707	8,292,745
Operating Profit	3,796,863	3,799,455	7,596,318	2,932,338	6,415,714
Share of profits of associate	103,474	58,284	161,758	85,886	100,567
Profit before Taxation	3,900,337	3,857,739	7,758,076	3,018,224	6,516,281
Taxation	(781,502)	(851,992)	(1,633,494)	(464,111)	(1,191,089)
NET PROFIT	3,118,835	3,005,747	6,124,582	2,554,113	5,325,192
Earnings per stock unit (expressed in \$ per share)	\$ 1.27	\$ 1.22	\$ 2.49	\$ 1.03	\$ 2.16

National Commercial Bank Jamaica Limited

Consolidated Statement of Comprehensive Income

Six months ended 31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended 31 March 2011 \$'000	Quarter Ended 31 December 2010 \$'000	Year to Date 31 March 2011 \$'000	Quarter Ended 31 March 2010 \$'000	Year to Date 31 March 2010 \$'000
Net Profit	3,118,835	3,005,747	6,124,582	2,554,113	5,325,192
Other comprehensive, income net of taxes					
Currency translation gains/(losses)	1,388	(9,158)	(7,770)	(5,210)	(2,395)
Unrealised gains on available-for-sale investments	1,568,259	1,187,858	2,756,117	821,441	1,367,710
Realised fair value gains on sale and maturity of investments	(223,544)	(425,276)	(648,820)	(386,026)	(487,156)
	1,346,103	753,424	2,099,527	430,205	878,159
TOTAL COMPREHENSIVE INCOME	4,464,938	3,759,171	8,224,109	2,984,318	6,203,351

National Commercial Bank Jamaica Limited

Consolidated Statement of Financial Position

31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2011 S'000	30 September 2010 S'000	31 March 2010 S'000
ASSETS			
Cash in hand and balances at Bank of Jamaica	21,227,067	19,472,761	19,818,845
Due from other banks	16,796,273	17,048,849	22,410,831
Derivative financial instruments	1,045	12,864	-
Investment securities at fair value through profit or loss	1,073,340	698,711	448,003
Reverse repurchase agreements	776,045	1,143,581	649,322
Loans and advances, net of provision for credit losses	88,324,350	85,995,102	86,777,283
Investment securities	206,153,280	199,434,273	180,522,917
Investments in associate	2,440,533	2,320,723	2,234,560
Investment property	12,000	12,000	12,000
Intangible asset - computer software	463,328	359,980	211,909
Property, plant and equipment	4,098,134	4,114,155	3,962,967
Retirement benefit asset	-	-	11,632
Deferred income tax assets	26,579	119,794	971,727
Income tax recoverable	2,905,426	1,855,938	1,984,617
Customers' liability - letters of credit and undertaking	292,324	291,106	384,220
Other assets	2,206,641	2,090,174	2,898,913
Total Assets	346,796,365	334,970,011	323,299,746
LIABILITIES			
Due to other banks	6,826,740	3,708,232	5,571,821
Customer deposits	142,732,652	144,283,158	139,533,565
Promissory notes and certificates of participation	227,734	223,154	199,566
Repurchase agreements	89,580,010	85,292,763	76,708,571
Obligations under securitisation arrangements	17,350,635	20,456,162	24,272,829
Derivative financial instruments	7,223	25,930	142,042
Other borrowed funds	5,866,653	6,575,623	6,355,040
Income tax payable	13,157	3,095	1,640
Deferred income tax liabilities	2,287,615	104,332	78,263
Policyholders' liabilities	22,340,202	20,405,624	19,922,747
Provision for litigation	13,000	13,300	6,000
Retirement benefit obligations	466,481	445,873	458,667
Liability - letters of credit and undertaking	292,324	291,106	384,220
Other liabilities	3,975,035	4,333,726	4,636,001
Total Liabilities	291,979,461	286,162,078	278,270,972
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 other reserves	4,634,773	1,457,864	942,436
Loan loss reserve	4,783,484	1,135,012	1,098,772
Banking reserve fund	5,646,277	5,200,206	4,710,763
Retained earnings reserve	9,875,761	8,875,761	8,875,761
Retained earnings	23,414,266	25,676,747	22,938,699
Total Stockholders' Equity	54,816,904	48,807,933	45,028,774
Total Equity and Liabilities	346,796,365	334,970,011	323,299,746

Approved for issue by the Board of Directors on 28 April 2011 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Six months ended 31 March 2011

(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
Balance as at 1 October 2009	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946
Total comprehensive income	-	-	878,159	-	-	-	5,325,192	6,203,351
Dividends paid	-	-	-	-	-	-	(2,190,523)	(2,190,523)
Transfer to Loan Loss Reserve	-	-	-	354,613	-	-	(354,613)	-
Transfer to Banking Reserve Fund	-	-	-	-	348,661	-	(348,661)	-
Balance at 31 March 2010	6,465,731	(3,388)	942,436	1,098,772	4,710,763	8,875,761	22,938,699	45,028,774
Balance as at 1 October 2010	6,465,731	(3,388)	1,457,864	1,135,012	5,200,206	8,875,761	25,676,747	48,807,933
Total comprehensive income	-	-	2,099,527	-	-	-	6,124,582	8,224,109
Dividends paid	-	-	-	-	-	-	(2,215,138)	(2,215,138)
Transfer to Loan Loss Reserve	-	-	-	3,648,472	-	-	(3,648,472)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
Transfer to Banking Reserve Fund	-	-	-	-	446,071	-	(446,071)	-
Balance at 31 March 2011	6,465,731	(3,388)	4,634,773	4,783,484	5,646,277	9,875,761	23,414,266	54,816,904

National Commercial Bank Jamaica Limited

Consolidated Statement of Cash Flows

Six months ended 31 March 2011

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2011 \$'000	31 March 2010 \$'000
Cash Flows from Operating Activities		
Net profit	6,124,582	5,325,192
Changes in operating assets and liabilities	1,506,315	17,399,447
Other adjustments to reconcile net profit	423,882	(9,180)
Net cash provided by operating activities	<u>8,054,779</u>	<u>22,715,459</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(230,546)	(204,711)
Acquisition of intangible asset - computer software	(170,708)	(9,982)
Proceeds from disposal of property, plant and equipment	25,356	28,724
Purchases of investment securities	(172,154,295)	(144,220,692)
Sales/maturities of investment securities	164,649,258	134,932,469
Dividends received from associate	41,948	-
Net cash used in investing activities	<u>(7,838,987)</u>	<u>(9,474,193)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(3,009,351)	(3,008,508)
Proceeds from other borrowed funds	162,431	293,879
Repayments of other borrowed funds	(834,813)	(1,362,790)
Dividends paid	(2,215,138)	(2,190,523)
Net cash used in financing activities	<u>(5,896,871)</u>	<u>(6,267,942)</u>
Effect of exchange rate changes on cash and cash equivalents	25,283	(217,785)
Net (decrease)/increase in cash and cash equivalents	(5,655,796)	6,755,539
Cash and cash equivalents at beginning of period	<u>40,727,035</u>	<u>18,594,234</u>
Cash and cash equivalents at end of period	<u>35,071,239</u>	<u>25,349,773</u>
Comprising:		
Cash in hand and balances at Bank of Jamaica (excluding Statutory Reserves)	6,064,747	4,011,174
Due from other banks	16,796,273	22,410,831
Investment securities with an original maturity of less than 90 days	19,036,959	4,499,589
Due to other banks	(6,826,740)	(5,571,821)
	<u>35,071,239</u>	<u>25,349,773</u>

National Commercial Bank Jamaica Limited

Segment Report

Six months ended 31 March 2011

	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail and SME	Payment Services							
	\$'000	\$'000							
External operating revenue	4,735,098	2,439,969	2,011,923	5,024,157	4,491,390	3,689,621	38,488	-	22,430,646
Operating revenue from other segments	1,889,543	2,517	3,442	478,260	189,949	24,318	101,631	(2,689,660)	-
Operating revenue	6,624,641	2,442,486	2,015,365	5,502,417	4,681,339	3,713,939	140,119	(2,689,660)	22,430,646
Segment result	720,689	794,739	948,090	2,431,424	2,146,778	1,236,231	80,039	(99,929)	8,258,061
Unallocated corporate expenses									(661,743)
Operating profit									7,596,318
Share of profits of associate									161,758
Profit before tax									7,758,076
Taxation expense									(1,633,494)
Net profit									6,124,582
Segment assets	124,837,245	8,503,129	44,136,007	133,672,383	94,142,125	29,477,379	906,236	(95,931,070)	339,743,434
Associate									2,440,533
Unallocated assets									4,612,398
Total assets									346,796,365
Segment liabilities	115,001,582	7,118,035	34,350,955	123,266,886	80,511,240	22,724,648	140,400	(93,671,940)	289,441,806
Unallocated liabilities									2,537,655
Total liabilities									291,979,461
Net interest income	4,296,684	615,848	1,092,183	1,558,433	2,014,754	787,033	15,728	-	10,380,663
Capital expenditure	238,062	55,178	8,403	57,871	15,638	23,682	2,420	-	401,254
Depreciation and amortisation	171,837	38,336	7,680	6,242	15,142	40,528	3,221	-	282,986

National Commercial Bank Jamaica Limited

Segment Report

Six months ended 31 March 2010

	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail and SME	Payment Services							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	4,268,349	2,340,188	2,709,211	5,413,350	5,154,297	2,425,899	42,431	-	22,353,725
Operating revenue from other segment:	3,222,813	9,425	912	695,616	229,087	78,554	57,551	(4,293,958)	-
Operating revenue	<u>7,491,162</u>	<u>2,349,613</u>	<u>2,710,123</u>	<u>6,108,966</u>	<u>5,383,384</u>	<u>2,504,453</u>	<u>99,982</u>	<u>(4,293,958)</u>	<u>22,353,725</u>
Segment result	630,434	685,469	1,480,772	1,486,196	1,818,476	1,040,049	47,234	(8,358)	7,180,272
Unallocated corporate expenses									<u>(764,558)</u>
Operating profit									6,415,714
Share of profits of associate									<u>100,567</u>
Profit before tax									6,516,281
Taxation expense									<u>(1,191,089)</u>
Net profit									<u><u>5,325,192</u></u>
Segment assets	119,925,841	7,182,463	50,397,977	135,081,803	87,446,728	24,270,228	846,205	(107,685,005)	317,466,240
Associate									2,234,560
Unallocated assets									<u>3,598,946</u>
Total assets									<u><u>323,299,746</u></u>
Segment liabilities	109,369,116	6,788,870	43,031,832	127,370,606	76,407,315	19,998,133	88,011	(105,445,462)	277,608,421
Unallocated liabilities									<u>662,551</u>
Total liabilities									<u><u>278,270,972</u></u>
Net interest income	4,610,469	410,586	1,626,439	1,191,423	1,730,034	944,584	26,863	-	10,540,398
Capital expenditure	127,673	23,032	9,205	14,573	11,506	24,284	4,420	-	214,693
Depreciation and amortisation	<u>181,283</u>	<u>37,337</u>	<u>7,212</u>	<u>4,701</u>	<u>14,487</u>	<u>25,666</u>	<u>2,380</u>	<u>-</u>	<u>273,066</u>

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

31 March 2011

(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 53.02% 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), 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.

There have been no changes in accounting policies since the most recent audited accounts as at 30 September 2010. Where necessary, comparative figures for 31 March 2010 have been reclassified to conform with changes in presentation in the current period.

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.
- Payment Services - This incorporates the provision of card and electronic payment 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 trading 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, pension and investment management services.

Other operations of the Group include insurance brokerage services, trustee services and registrar and transfer agent services.