

NM08 Results

All figures quoted in Jamaica Dollars unless otherwise stated

Earnings Per Share

National Commercial Bank Jamaica Limited (NCBJ) had a commendable Third Quarter performance with a reported Earnings Per Share (EPS) of 91 cents, which was up a significant 26.4 per cent or 19 cents on Q307. For the Nine Months Ended June 30, 2008, the Group's EPS grew an outstanding 38.4 per cent or 76 cents from \$1.98 (NM07) to \$2.74 (NM08). The results for the Nine Month period, however, included a one-off gain of \$517 million that was earned in the Second Quarter. Excluding this gain, the Bank's EPS was still up an admirable 27.8 per cent from \$1.98 (NM07) to \$2.53 (NM08).

Financial Highlights

- Total Interest Income, up 16 per cent or \$3 billion to \$21.4 billion. Interest Income from Loans increased 24.8 per cent due to continued growth in the loan portfolio
- Net Interest Income, up 22.3 per cent or \$2.1 billion to \$11.6 billion
- Net Fee and Commission Income, up 21.1 per cent or \$585.2 million to \$3.4 billion
- Operating Revenue, up 17.8 per cent or \$2.7 billion to \$18.1 billion
- Operating Expenses, up 4.4 per cent or \$404.1 million to \$9.5 billion
- Operating Profit, up a noteworthy 37.5 per cent or \$2.3 billion to \$8.6 billion
- Net Profit, up an exceptional 38.4 per cent or \$1.9 billion to \$6.8 billion. Excluding the one-off gain, Net Profit was up 27.8 per cent from \$4.9 billion to \$6.2 billion.

The total assets of the Group ended the Nine Month period at \$279.9 billion representing an increase of \$36.0 billion or 14.8 per cent on NM07. The two major contributors to this growth were Investment Securities, up 4.4 per cent to \$149.8 billion and Loans and Advances (net of provision for credit losses), up 34.9 per cent to \$71.1 billion. Return on Equity and Return on Assets was 29.5 per cent (NM07: 24.9 per cent) and 3.4 per cent (NM07: 2.8 per cent) respectively.

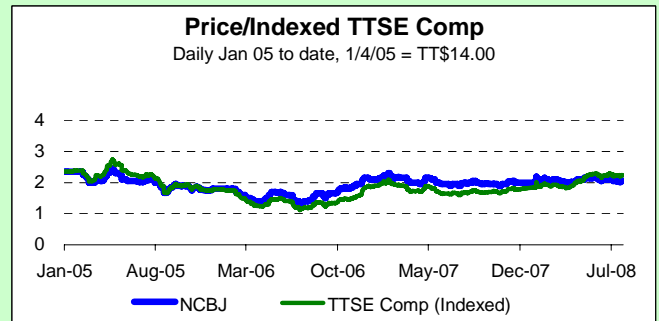
Research team

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Date	4-Aug-08
Recommendation	BUY
Price (TT\$)	2.05
Target Price (TT\$; 12 months)	2.52
52 week high - low (TT\$)	2.19 - 1.89
Market cap. (TT\$MM)	5,056.9
Float cap. (TT\$MM)	1,427.1



On 12/31/04 the TTSE Comp was at 1.074.

Period	YE08E	YE07A	YE06A	Chnge. %
(\$MM)				
Net Interest Income	14,797	12,797	11,778	8.7%
Net Fee and Comm Income	4,788	3,756	3,175	18.3%
Operating Revenue	23,757	20,552	17,977	14.3%
Operating Expenses	13,041	12,128	11,164	8.6%
Operating Profit	10,716	8,423	6,813	23.6%
PAT	8,383	6,601	5,487	20.3%
EPS	3.40	2.68	2.23	20.2%
- Q1	0.76	0.60	0.46	30.4%
- Q2	1.07	0.66	0.50	32.0%
- Q3	0.91	0.72	0.63	14.3%
- Q4		0.70	0.64	9.4%

Period	Q408E	Q308A	Q307A	Chnge. %
(\$MM)				
Net Interest Income	3,190	4,207	3,192	31.8%
Net Fee and Comm Income	1,430	1,151	1,010	14.0%
Operating Revenue	5,641	6,155	5,273	16.7%
Operating Expenses	3,497	3,250	3,021	7.6%
Operating Profit	2,143	2,905	2,252	29.0%
PAT	1,625	2,251	1,762	27.8%
EPS	0.66	0.91	0.72	26.4%



Dividends

The Board declared an Interim Dividend of \$0.30 per share payable on August 27, 2008 for stockholders on record as at August 14, 2008.

Recommendation

The shares of NCBJ are currently trading at a price of TT\$2.05 on the local exchange. At our forecasted EPS of TT\$0.28 and the current price, NCBJ is trading at a price to earnings multiple of 7.3 times. Additionally using a multiple of 9 times and the forecasted EPS of TT\$0.28, NCBJ has an expected return of approximately 23 per cent or a Target Price of TT\$2.52. We continue to recommend a **BUY** on this share.

Research team

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