

Heat produces motion

At 211° water is hot. At 212°, it boils. And with boiling water, comes steam. And with steam you can power a locomotive.

The one extra degree makes the difference.

- Excerpt from the book 212° the extra degree by Sam Parker and Mac Anderson

Turning up the **heat** –
Branding a
lasting impression



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Branding a lasting impression

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We envision ourselves as an industry leader renowned in the Caribbean for its wealth management services, innovation and financial success, attained through well-trained and committed employees, outstanding service delivery and corporate citizenship.

Who we are

NCB Capital Markets Limited is the wealth and asset management arm of the National Commercial Bank Jamaica Limited, offering investment options and advice for institutions and individuals for the last thirty-nine years. We are the largest dealer of primary debt offerings by the Government of Jamaica.

Previously Edward Gayle and Company Limited, NCB Capital Markets Limited is one of the pioneers of the equity market in Jamaica, holding one of the first five seats on the Jamaica Stock Exchange. Started in 1968, by Edward Esau Gayle as an equity boutique to facilitate the development of a vibrant stock market in Jamaica, the company is the oldest operational brokerage house in the English Speaking Caribbean.

In 2002, Edward Gayle & Company became a wholly owned subsidiary of the National Commercial Bank Jamaica Limited, following a merger of its operations with that of NCB Investments Limited. The company was later re-branded as NCB Capital Markets Limited.

Today, we have built on our legacy and are now a full service wealth advisory and asset management firm investing \$47.4 billion on behalf of our more than 16,000 medium and high net worth clients. With 24 offices across the island, our 115 team members continue to be the strength of our organisation, pulling their collective expertise in various disciplines to help our clients achieve financial success.

What we do

We provide an array of innovative financial services and products that are engineered to help our individual and corporate clients accumulate and preserve their wealth.

Our clients benefit from personal relationships with experienced Wealth Advisors who apply their expertise to meeting our clients' wealth objectives through tailor-made investment portfolios of equities, bonds, mutual funds and money market instruments. As exclusive brokers for AIC Mutual Funds, we offer a suite of mutual funds available in USD and CDN that are ideal for meeting long term wealth objectives.

We support our clients with time sensitive, insightful and comprehensive information to guide them in making the best investment decisions. Our research covers the local, regional and international financial markets and is easily available through www.ncbcapitalmarkets.com, our offices and our Wealth Advisors.

On the corporate side of our business - governmental, private and public institutions rely on our expertise to access affordable funding in local and overseas capital markets. Our services span corporate advisory services to structuring and executing complex transactions such as mergers, acquisitions, securitisation and initial public offerings.

Heat produces beauty

Natural diamonds evolve from carbon - the same material that is found in your pencil lead or coal. Deep below the earth's surface, the carbon is heated to temperatures of approximately 2,200° F under pressure of an estimated 725,000 pounds per square inch, before rushing to the surface of the earth to cool.

Expert cutting and polishing transforms the rough diamond into a sparkling and expensive beauty.

Turning up the **heat** –
Forging
a formidable leadership team



Chairman's Perspective

Dear shareholders,

NCB Capital Markets Limited has had another year of commendable performance as it continued to pursue strategies to create a sustainable and world-class investment banking operation.

In this financial year, the company provided a solid stream of diversified income resulting in a more than 23% contribution to the Group's overall profit. There was increased focus on responding to local and international financial market trends in order to identify opportunities to improve operating efficiency, service delivery and the quality of investment offerings. The results of the efforts undertaken are reflected in the increased level of performance that was achieved and this is indicative of the hard work and commitment of the staff of NCB Capital Markets Limited.

The Board continued to challenge the management team to undertake initiatives that could enhance the ability of the company to better serve its clients, while recording increased revenues. The team responded well and we were particularly pleased for example, to have been the first to introduce to the local market a registered Principal Protected Note – an investment product with the ability to provide above average returns. However, the challenge remains to find other new and innovative investment product solutions that can fit the changing risk profile of the average investor. You can therefore expect the company to be relentless in expanding its range of investment offerings going forward.

On behalf of the Board of NCB Capital Markets Limited, I thank you for your support and look forward to continue facilitating sustainable wealth creation for our clients.



Patrick Hylton
Chairman





We value: Integrity
Excellence
Accountability



From Left to Right

DR. CECIL BATCHELOR is a Senior Medical Officer at the Princess Margaret Hospital, Morant Bay, St. Thomas where he has served since 1990. Dr. Batchelor is a fellow of the American College of Surgeons as well as the Caribbean College of Surgeons. He is a member of the Medical Association of Jamaica and the Association of Surgeons in Jamaica where he is a member of the executive team.

Dr. Batchelor also serves as a board member of the EXED Nursing School in Morant Bay, St. Thomas.

He was awarded the Order of Distinction in national recognition of his dedication to the medical profession in Jamaica.

MRS. YVONNE CLARKE is a Chartered Accountant with over 23 years experience in audit and accounting. She joined the Internal Audit Division of NCB in August 2000, and was promoted to Chief Internal Auditor in October 2001, a post she held until her appointment as Group Chief Financial Officer in December 2005. Prior to joining NCB, she worked at PricewaterhouseCoopers where she gained experience in Assurance and Business Advisory Services.

Mrs. Clarke holds an MBA from the University of Manchester. She is a fellow of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants of Jamaica (ICAJ) and a member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica.

Board of Directors



MR. PATRICK HYLTON (CHAIRMAN) joined National Commercial Bank Jamaica Limited in 2003 and was appointed Group Managing Director in December 2004.

He boasts an illustrious banking career which includes his tenure as Managing Director of Financial Institutions Services Limited and FINSAC, where he successfully led the intervention, rehabilitation and divestment of the Jamaican banking and insurance industry. He was recognized nationally for this sterling achievement and received the Order of Distinction in the rank of Commander.

Mr. Hylton is an associate of the Chartered Institute of Bankers (London) and holds a BBA (Upper 2nd Class Hons.) in Management from the University of Technology, Jamaica. He is President of the Jamaica Bankers Association.

MR. MARK MYERS is the Managing Director of Restaurants of Jamaica Limited (ROJ), and has been involved with ROJ since the opening of its first KFC Restaurant in 1975.

A graduate of Syracuse University in New York, Mr. Myers also serves as President of the Jamaica Chamber of Commerce.

MR. JOHN BELL is a former Audit and Business Advisory Services partner with PricewaterhouseCoopers, Jamaica, where he specialized in financial services. He holds a Bachelor's degree in Economics and Accounting from the University of the West Indies and is a Fellow of the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants of Great Britain and has over 30 years experience in his profession.

Mr. Bell is also a director of Advantage General Insurance Company Limited where he sits on several board committees and is Chairman of the Audit and Compliance Committee.

MR. CHRISTOPHER WILLIAMS joined the NCB Capital Markets' team as Deputy Managing Director in January 2004, and was appointed Managing Director just ten (10) months later. Under his guidance, NCB Capital Markets Limited has grown into one of Jamaica's most successful investment houses, consistently being ranked as the country's leading stock brokerage and primary dealer.

Mr. Williams currently serves as Chairman of the Jamaican Association for the Deaf, Director of the Jamaica College Old Boys Association, Director of the Jamaica College Foundation, Director of the Jamaica Stock Exchange and Council Member of the Jamaica Securities Dealers' Association. He holds a BSc. in Accounting from the University of the West Indies and a M.B.A in Strategic Marketing and Finance from the prestigious York University in Toronto, Canada. In July 2007, Mr. Williams was elected as Vice President of the Jamaica Securities Dealers' Association.

MISS SHAMENA KHAN is the Vice President of Operations at AIC Global Holdings Limited and has over 25 years experience in her field. Ms. Khan currently provides operational guidance for AIC's key investments in the Caribbean as well as its broker/dealer relations in Canada.

Prior to joining AIC, Ms. Khan served as a consultant to one of Canada's leading software solution providers, RPM Technologies. She has also held several management positions with Canadian securities dealer, Richardson Greenshields of Canada Limited, where she spearheaded the development of the company's sovereign investment programme.

MR. DENNIS COHEN is a Chartered Accountant by profession, and has served in the local banking industry for almost 13 years. Before joining NCB, he served in a number of positions at Citibank N.A. Jamaica. Prior to commencing his Banking career, Mr. Cohen was employed to PricewaterhouseCoopers as a senior accountant.

Mr. Cohen joined NCB in 2004 as the Group Chief Financial Officer and later assumed the role of Group Chief Relationship Officer. He was appointed Group Deputy Managing Director in April 2006. He is a Director of NCB (Cayman) Limited, National Commercial Bank Jamaica Limited, NCB Insurance Company Limited, Advantage General Insurance Company Limited and West Indies Trust Company Limited.

missing from photo:

DR. NIGEL CLARKE is Chief Operating Officer of the Musson Group. He holds a B.Sc. in Mathematics and Computer Science from the University of the West Indies, a M.Sc. in Applied Statistics from Oxford University and a D.Phil. in Numerical Analysis, also from Oxford University.

He has received various awards, including the Rhodes Scholarship and the Commonwealth Scholarship, and has authored several publications. Dr. Clarke is a director of other companies including National Commercial Bank, Seprod Limited and Facey Commodity Limited.

MR. MICHAEL AMMAR (Jnr.) is principal of the Ammar retail chain, and has a wealth of experience in running a successful business. He holds a Bachelor's degree in Business Administration and also serves as a director for Orr-Rus Limited. He is a former President of the Jamaica Chamber of Commerce.

Corporate Governance

NCB Capital Markets Limited has adopted the Corporate Governance Principles and Guidelines developed by its parent company, National Commercial Bank Jamaica Limited. The Principles and Guidelines provide directions regarding:

- The Role and Responsibilities of the Board
- The Composition of the Board
- Board Committees and their Responsibilities
- Board Disclosure of Interests

COMMITTEES

The Company's Board carries out its functions through various Committees, namely:

- Investment Committee
- Audit Committee
- Corporate Governance and Conduct Review Committee
- Compensation Committee

TERMS OF REFERENCE

Investment Committee

The Investment Committee's role is to oversee the establishment of appropriate systems and internal controls designed to ensure that the securities activities and holdings are consistent with the strategies of the institution, and that the implementation of the strategies remains consistent with the portfolio policy objectives.

The members of the Investment Committee are:

Mr. John Bell - **Chairman**
Mr. Michael Ammar (Jnr.)
Mr. Patrick Hylton
Ms. Shamena Khan
Mr. Dennis Cohen

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws, regulations and approved policy guidelines.

The Committee reviews the Company's financial statements, prior to same being referred for the Board's approval, and liaises as necessary, with the external auditors.

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

The members of the Audit Committee are:

Mr. John Bell - **Chairman**
Mr. Michael Ammar (Jnr.)
Ms. Shamena Khan
Mr. Mark Myers
Mr. Dennis Cohen

In accordance with the requirements of the recently amended Stock Exchange Listing Agreement that the majority of the Audit Committee members should be identified by the Board as independent, the Board has identified the following directors as independent:

Mr. Mark Myers
Mr. John Bell
Mr. Michael Ammar (Jnr.)

Corporate Governance and Conduct Review Committee

The Corporate Governance and Conduct Review Committee is responsible for overseeing appropriate policies of corporate conduct and, reviewing related party transactions entered into by the Company.

The members of the Corporate Governance and Conduct Review Committee are:

Mr. John Bell - **Chairman**
Mr. Dennis Cohen
Dr. Nigel Clarke
Mr. Michael Ammar (Jnr.)
Ms. Shamena Khan
Mr. Mark Myers
Dr. Cecil Batchelor

Compensation Committee

The Compensation Committee has overall responsibility for evaluating and recommending for the Board's approval, the Company's compensation policies, plans and programmes. The Committee is also responsible for developing the Company's compensation philosophy, and administering Board approved compensation policies, plans and programmes.

The members of the Compensation Committee are:

Mr. Mark Myers - **Chairman**
Mr. Dennis Cohen
Mr. John Bell
Mr. Patrick Hylton

Management Committees

The Board Committees were complemented by the following management committees which comprise of members from each unit within the organisation.

- Risk Management Committee
- Product Development Committee
- IT Steering Committee
- Investment Management Committee

Managing Director's Perspective



After assessing the success of the fiscal year ended September 2006, the NCB Capital Markets' team was charged to "Turn up the Heat" for the new financial year. Faced with intense competition the company has once again delivered an excellent performance. We continue to be market leaders across various product lines while maintaining the highest operational efficiency levels within the securities industry.

The team has once again proven that skilful execution of a well engineered business strategy is critical to delivering excellent service, growing profitability and generating strong returns for investors.

Our business strategy was built on the base of three (3) main areas of focus:

- Use Capital more efficiently
- Introduce innovative new products to the market
- Aggressively reduce costs and operating expenses

I. USE CAPITAL MORE EFFICIENTLY

I am extremely proud to report that the NCB Capital Markets' team has increased its profitability by 26.8% to end the 2006/2007 financial year with a Net Profit of \$1.57 billion. This was supported by a 12% growth in operating income which closed the year at \$2.8 billion.

Funds raised from a Rights Issue of preference shares, in the latter part of the financial year, were used to take positions in assets that have provided above average returns. This resulted in an increased return from investments.

II. INTRODUCE INNOVATIVE NEW PRODUCTS TO THE MARKET

We placed renewed emphasis on identifying and developing new products and services in response to the evolving needs of our clients. As such we established a Business Development Unit to lead this charge. The team has already made its mark by introducing the first registered equity linked

Principal Protected Note (PPN). This product meets our clients' need for portfolio diversification, principal protection and attractive returns.

III. AGGRESSIVELY REDUCE COSTS AND OPERATING EXPENSES

In the last quarter of the financial year, NCB Capital Markets Limited embarked on a business process reengineering exercise aimed at containing costs and improving our systems and processes. The initiative led to tighter operations and resulted in the need for a smaller staff complement. This reengineering exercise will continue to play a pivotal role in the new financial year.

LOOKING AHEAD

Led by our parent company, NCB Capital Markets Limited has identified three pillars which it believes are critical to its success - Innovation, Expertise and Strength.

INNOVATION

We remain steadfast in our commitment to bringing to market innovative products and services that meet our clients' wealth objectives. Our newly established Business Development team is working assiduously to meet this mantra by:

1. Developing relationships with local and international partners to distribute existing products and services.
2. Developing new products and improving existing ones.

EXPERTISE

A company achieves excellence through committed and highly skilled team members. We acknowledge that our employees form the base of this success. As such we remain committed to providing the requisite investment to building a team of experts within each area of our operations.

STRENGTH

Business operational efficiency and ultimately high levels of satisfaction remain a key focus for us in the financial year ending September 2008. The business process re-engineering exercise that was started in 2007 will continue to play a critical role in the upcoming year.

As we face a new financial year, we look forward to expected but exciting challenges. We thank our shareholders for their unfaltering encouragement over the years and assure you that as we enter our fifth year as NCB Capital Markets Limited, my team and I are committed to Raising the Bar.



Christopher Williams

Senior Management

KARLENE BAILEY Vice President, Investments

joined NCB Capital Markets Limited in January 2003 and currently serves as Vice President of Investments. Miss Bailey is responsible for maintaining strong growth in the company's core business lines including trading, portfolio asset management and product development.

Prior to joining NCB Capital Markets Limited, Miss Bailey was a Research Economist at the Bank of Jamaica where she specialized in examining the financial services sector and in particular, the Jamaican stock market.

To her credit, Miss Bailey holds BSc. (Hons) in Management with minors in Economics and Accounts from the University of the West Indies, Mona and a Master of Science Degree in Economics from La Universidad Católica, Santo Domingo.

Miss Bailey is the elected President of the Primary Dealers' Association, a position she has held since June 20, 2007.

ROBERT BARNES Assistant Vice President, Risk Management & Compliance

joined NCB Capital Markets Limited in May 2004 as the Risk & Compliance Manager. Currently the AVP of Risk & Compliance, Mr. Barnes is responsible for developing initiatives, maintaining and revising policies as well as providing adequate risk management systems to prevent any illegal, unethical and improper conduct within the organization.

Mr. Barnes has over 16 years experience in financial services industry where he has honed his skills in risk management and centralized banking operations. Prior to joining NCB Capital Markets Limited, Mr. Barnes held the post of Risk & Compliance Manager at Manufacturer's Sigma Merchant Bank and the Assistant Manager of the Centralized Operations Unit at Citizen's Bank.

Mr. Barnes holds a B.Sc. in Accounting and Management from the University of the West Indies and an M.B.A. in Finance from the University of Manchester.

DEBBIE DUNKLEY Vice President & Chief Financial Officer

joined NCB Capital Markets Limited as Vice President and Chief Financial Officer in August 2006 and is responsible for directing the financial reporting, treasury, operations and business support units as well as the strategic financial management of the company.

She has over 23 years experience in audit and accounting at PricewaterhouseCoopers. Prior to joining NCB Capital Markets Limited, Miss Dunkley was part of the team that commenced the operations of MedeCus Health Insurance Agency Limited where she held the position of Vice President, Finance.

Miss Dunkley is a Chartered Accountant and is currently in the final stages of reading for her MBA in Finance from the Manchester Business School, University of Manchester.

She is a fellow of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants of Jamaica (ICAJ).



Business Units' Perspective

BUSINESS DEVELOPMENT AND CORPORATE FINANCE

Our newly established Business Development Unit blazed new trails in the market place by successfully introducing the first registered Principal Protected Note (PPN) to Jamaica. Developed with world respected Deutsche Bank, the USD denominated note was linked to the performance of the S&P 500, Nikkei 225 and Eurostoxx 50 Indices. This provided investors with exposure to world equity markets and the opportunity to earn above market returns while benefiting from principal protection.

The NCB Capital Markets' team continues to make strides in the area of Corporate Finance, through the structuring and management of transactions such as Initial Public Offers and Private placements for several major local and regional entities. The successful Initial Public Offering of NCB Capital Markets Limited Preference shares in 2006 was followed up with an even more successful Rights Issue in 2007. The issue attracted overwhelming demand leading to an oversubscription of 250%. We continue to be encouraged by the unwavering confidence demonstrated in NCB Capital Markets Limited through our shareholders' and clients' strong support of our initiatives. We are also extremely proud of our success in outbidding several brokerage houses to secure the contract to structure and execute the Jamaica Stock Exchange's Initial Public Offer.

HUMAN RESOURCES AND CULTURE

NCB Capital Markets Limited continues to invest in its people. We encouraged our staff members to be proactive in developing their skills and pursuing higher education. In support, we established a scholarship programme to provide the requisite financing for short courses, professional certifications and tertiary level education.

We continued to improve on our performance management system and tested the 360° assessment with our senior management team. This is to be extended to the wider management team in 2008.

WEALTH ADVISORY AND CLIENT RELATIONS

Streamlined operational process afforded our client relations team more time to provide value added services to our clients. To further prepare our team we enrolled all our Client Relations Officers in "The Customer", to support our efforts of continuously improving our customer service. "The Customer" is a training programme focused on equipping our team with the necessary skills, attitudes and desired behaviours necessary for excellent service.

MARKETING

We continue to find innovative ways to communicate our products and services to our markets including identifying and supporting those activities and charities in which our clients have a vested interest. Of note was our Freestyle Soccer Camp, a three day clinic which hosted 100 children who honed their football skills under the guidance of the world's #1 freestyler Steve Elias.

In response to our clients' continuous demand for tax-free products, we re-launched our five-year tax free investment account Branded Wealth Protector. Investors benefit from tax free earnings, provided that the principal remains untouched for five years. Our flagship repurchase agreement "repo" product was also branded as the Wealth Access.

INFORMATION TECHNOLOGY AND BUSINESS SUPPORT

We continue to use Information Technology as a platform to build efficiency by constantly reviewing and automating our processes where possible. Our systems are monitored 24 hours a day by our newly implemented Enterprise Monitoring System, allowing us to quickly identify and resolve any issues within our system. This has led to a significant decrease in system down time.

The organisation invested in a document imaging and storage system which allowed us to archive client information in a manner that was easily and quickly accessible at all our twenty-four (24) offices islandwide. This resulted in a notable reduction in the time taken to respond to client queries and complete their transactions.

Management Team

WEALTH MANAGEMENT & CLIENT SERVICES

Tanya Powell - Regional Manager, Client Relations & Distribution, Central Kingston

Howard Pottinger - Regional Manager, Client Relations & Distribution, Northwest

Judith Whittaker - Regional Manager, Client Relations & Distribution, Kingston

MARKETING

Tiffany Gordon Johnson - Assistant Manager, Marketing

INVESTMENTS

Joshua Rowe - Portfolio Manager

Donald Miller - Research Manager

Dylan Coke - Business Development Manager

Andrew Williams - Assistant Manager, Trading

CULTURE

Judith Dillon - Cultural Development Manager

OPERATIONS, BUSINESS SOLUTIONS & FINANCE

Hekima Reece - Senior Operations Manager

Evelyn Parkinson - Assistant Manager, Operations

Damian Whyllie - Business Solutions Manager

Maria Goldson - Finance Manager

Eleith Baxter - Assistant Manager, Finance

Shareholdings

As at September 30, 2007

NAME OF SHAREHOLDER	UNITS
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ORDINARY SHARES

National Commercial Bank Jamaica Limited	1,207,614,899
Patrick Hylton	1

PREFERENCE SHARES

10 LARGEST SHAREHOLDERS

Pan Caribbean (Principal Trading A/c)	30,098,023
Food Ingredients Limited	23,333,334
Lascelles DeMercado & Company Limited	15,654,212
NEM Insurance Company Limited	14,516,613
Jamaica National Building Society	11,622,675
Fitzroy Laing	10,644,087
Insurance Company of the West Indies	10,436,142
Blue Cross of Jamaica Limited	8,793,735
First Caribbean Int'l. Sec. Ltd. A/C M/FD.	5,782,186
Charles Leopold Leiba	5,000,000

INTEREST/OWNERSHIP OF SECURITIES BY DIRECTORS AND SENIOR MANAGERS

DIRECTORS

Ms. Shamena Khan	Nil
Mr. Michael Ammar (Jr)	Nil
Mr. Christopher Williams	1,034,212
Mr. Dennis Cohen	Nil
Dr. Cecil Batchelor	180,000
Dr. Nigel Clarke	Nil
Mrs. Yvonne Clarke	382,391
Mr. Patrick Hylton	Nil
Mr. Mark Myers	Nil
Mr. John Bell	Nil

SENIOR MANAGERS

Ms. Karlene Bailey	450,000
Mr. Christopher Williams	1,034,212
Ms. Debbie Dunkley	250,000
Mr. Robert Barnes	Nil



Heat saves lives

A focused laser acts as an amazingly precise and sharp instrument during surgery. It is also a very sterile one. The heat generated by the laser keeps the surgical site free of germs and reduces the risk of infection. Lasers are used to perform delicate surgery especially those involving the eye or blood rich tissue such as the liver. The heat seals off blood vessels and nerves resulting in 'bloodless' surgery.

Turning up the **heat** – **Prudent Risk** management

Risk Management Perspective

SOURCE OF PROFITS

NCB Capital Markets Limited is an active participant in the securities market for its own account. This involves taking positions in equities and debt securities, which are subject to risks. A substantial portion of our profit for 2006/2007 was derived from investments in securities. Our profitability may be significantly influenced by the risks of the markets in which we trade and the transactions undertaken by us. We understand that risks and rewards are correlated and seek to ensure that we are not exposed to risks that do not provide a compensating return.

EFFECT OF MARK-TO-MARKET RULE

Under the International Financial Reporting Standards (IFRS), “trading securities” (being those held with a view to short-term profit making) are required to be “marked to market”, that is, they are revalued at market price, and the resulting gains or losses recognized in the profit and loss account.

In the case of securities listed on the JSE, the revaluation is effected daily by reference to the current bid market price of the relevant Stock Units. The price of listed securities on the JSE may rise or fall on small volumes and accordingly, in the case of large holdings, the amount realized on disposal may differ from the “marked to market” price of such securities reflected in our financial results.

REGULATORY AND LEGAL UNCERTAINTIES

We operate in a heavily regulated industry. Changes in approach by the Financial Services Commission (FSC) or by the Bank of Jamaica (BOJ) in relation to existing Regulations or the introduction of new Regulations or Guidelines may affect the operations of the Company and thereby affect our profitability.

INTEREST RATE RISK

The Company may be exposed from time to time to the effects of movements in market interest rates on its financial instruments and, as a result, to cash flows which may cause interest margins to rise or fall. We deal with this risk by placing appropriate limits on the extent of mismatch of interest rate repricing that can be undertaken.

CREDIT RISK

We are exposed to the risk that counterparties will be unable to pay amounts owed when due. This is addressed by an ongoing process of periodically reviewing the financial status of each obligator and by obtaining collateral and corporate and personal guarantees.

LIQUIDITY RISK

The Company cash resources are called upon daily from a variety of sources to meet payment and repayment obligations. The business requirement for proper cash management is dealt with in several ways, including having available a minimum proportion of maturing funds to meet these calls.

COUNTRY-SPECIFIC RISKS:

Macro-Economic Policies

Changes in fiscal and monetary policies by the Government of Jamaica (GOJ) may affect the behaviour of capital markets. Such changes in policies may create opportunities as well as challenges for NCB Capital Markets Limited.

SOVEREIGN RISK

As a substantial portion of the securities held by the Company for its own account is in debt securities issued by the GOJ, changes in the creditworthiness of GOJ could affect the value of such securities and our financial performance.

OTHER RISKS:

New Accounting Rules or Standards

NCB Capital Markets Limited may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way NCB Capital Markets Limited currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

RISKS ASSOCIATED WITH INTERNATIONAL CONDITIONS

NCB Capital Markets Limited financial results may be adversely affected by international risks, such as:

- International political and economic conditions;
- Changes in regulations in countries in which the Company does business;
- Trade barriers;
- Adverse tax consequences; and
- Costs associated with expansion into new territories.

OPERATIONAL RISK

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition excludes systemic risk, legal risk and reputation risk.

This catch-all category of risks includes:

- Employee errors;
- Computer and manual systems failures, security failures;
- Fire, floods or other losses to physical assets; and
- Fraud or other criminal activity.

RISK MITIGATION

NCB Capital Markets Limited attempts to mitigate all operational risks by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning.

As a licensed securities dealer, our operations are particularly susceptible to the risk of money laundering. We have established internal procedures to safeguard against that risk. The management team believes that there are currently no significant or unusual developments surrounding the risks described above.



Heat produces energy

Heat is generated from deep – more than 4,000 miles – within the earth's core. Most of this geothermal energy occurs in the Ring of Fire, an area surrounding the Pacific Ocean. The steam and hot water garnered is used to heat buildings and generate electricity.

Turning up the **heat** –
Solid performance

Economic Review

MACROECONOMIC OVERVIEW

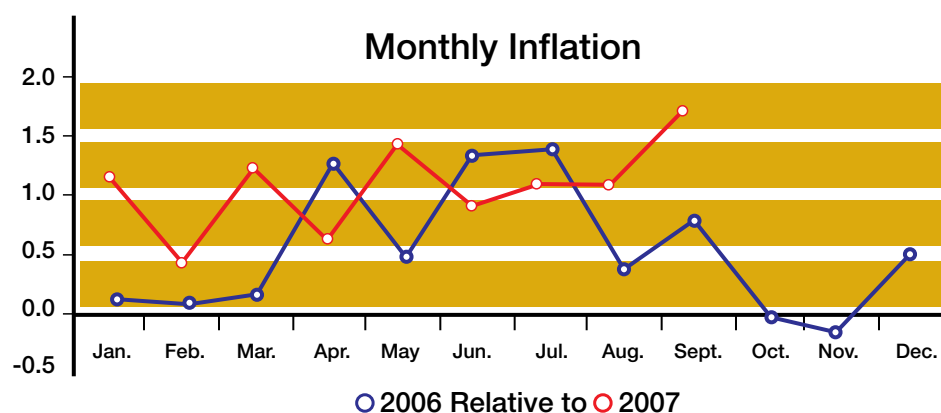
During the 2007 Financial Year (FY 2007), the Jamaican economy recorded mixed results largely due to adverse external developments such as bad weather, rising international commodity prices and volatility in international financial markets which moderated both economic and financial market activity. Early indicators of continued strong growth in many sectors of the economy were soon mitigated by the significant effects of Hurricane Dean. Both the equity and fixed income markets remained fairly subdued due to lower investor sentiment related to the general elections and the credit crisis in the U.S. It should also be noted that while interest rates remained unchanged for the greater part of the financial year, increased foreign exchange market pressures - due to a significant decline in net private capital inflows and higher demand for foreign currency - resulted in lower net international reserves and higher interest rates on local debt issuance.

GROWTH

While a fairly quiet 2006 hurricane season and a year-end rebound in the construction sector helped the country to record growth of 2.5% in 2006, the economy saw a moderate growth momentum at the start of the financial year. Strong growth in the Construction, Agriculture and Distributive Trade sectors supported early growth promise as the economy grew by 2.7% between October-December 2006. However, a fall out in Tourism and Mining by the end of the June 2007 quarter served to restrain economic activities to a 1.8% increase. The economy went on to register marginal expansion over the three-month period, July - September 2007 with real GDP showing an increase of 0.5%. There were positive performances in the Distributive Trade and Financial Services sectors which contributed to the 1.7% increase in the services sector. However, Agriculture and Mining were hardest hit by the effects of Hurricane Dean in August and torrential rains in September, which contributed to an overall decline of 1.2% in the Goods-producing sector. This brings calendar year to date economic growth to 1.6% as against the 2.5% expansion seen for the corresponding period last year.

INFLATION

Higher international commodity prices such as grain, wheat and crude oil resulted in stronger inflationary impulses in the financial year. The price of corn futures increased from \$307.5 at the start of the financial year to \$340 as at September 28, 2007 (a 10.57% jump). Notably, the price per bushel of wheat has accelerated by 95.6% to \$947 per bushel at the end of the financial year. Crude Oil rose 33.8% to \$81.66. In August 2007, the Statistical Institute of Jamaica launched a revised Consumer Price Index (CPI) which was updated to reflect changes in consumption patterns that had taken place over the last two decades. Based on the revised CPI series, for the period January to September inflation was 8.9%.

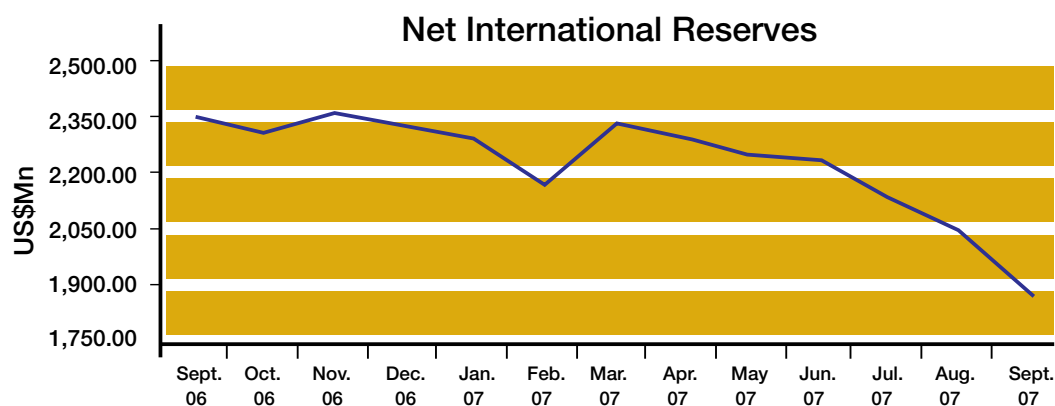


FOREIGN EXCHANGE MARKET

Foreign exchange market activity was impacted by developments in both the local and international sphere during the financial year. Stable to rising interest rates in international economies, as well as lower inflows from tourism contributed to a reduction in net private capital inflows. Notably, reductions in local interest rates in the first quarter and stable US interest rates resulted in a significant narrowing of the interest rate differential between US denominated assets and JMD assets, which encouraged portfolio switching to hard currency assets on the

part of investors. Demand for foreign currency was also heightened in a context of higher prices for imported commodities and record outflows of repatriated profits by foreign owned companies. The combination of reduced net private capital inflows and increased demand for foreign currency resulted in frequent bouts of instability in the foreign exchange market. This forced the Bank of Jamaica to increase its sale of hard currency to the market to augment supplies. In this context, the Net International Reserve (NIR) declined by US\$425.82Mn between end September 2006 and end September 2007, to close at US\$1,916.19Mn

The Bank of Jamaica (BOJ) also increased its issuance of financial instruments to the market in an attempt to absorb excess Jamaican dollar liquidity and maintain stability in the foreign exchange market. In this regard, the BOJ increasingly employed the sale of variable and fixed rate Certificates of Deposits, as well as, GOJ issued securities from its holdings. However, despite BOJ intervention activities, both sales of foreign currency and fixed income instruments, the local currency depreciated by 6.6% against its US counterpart for the period October to September 2007, relative to 5.0% for the same period in 2006.



MOVEMENTS IN SELECTED INTEREST RATES

After effecting two downward adjustments to its entire spectrum of open market instruments in September 2006, relatively stable foreign exchange market conditions then allowed the BOJ to effect an additional adjustment of 30 basis points in December 2006. This brought the 180 day Reverse Repo to 12.00% and the 30 day reverse repo to 11.65%. Market interest rates followed this trend downwards to a low of 11.65% on the 180-day Treasury bill in March 2007. However, frequent bouts of pressures in the foreign exchange market, forced the Central Bank to keep its interest rates unchanged for the period January to September 2007. Given the significant increase in foreign exchange market pressures and the decline in the NIR occasioned by its frequent intervention in the foreign exchange market, the BOJ assumed a tighter monetary policy stance employing the use of several JMD instruments issued at higher interest rates. Notably, the BOJ issued a 1 year FR Certificate of Deposit in September at a yield of 14.00%. Subsequently, market interest rates also increased with the weighted average yield on the 180 days Treasury Bill rising to a high for the year of 14.29%.

STOCK MARKET

During the review period overall investor confidence remained generally weak and as such the market failed to attract new investors even as individual investor continued to exit the market. Despite this, transactions such as the buyout of Courts Jamaica Limited and Bank of Nova Scotia/Dehring Bunting & Golding did inject some cash into the market and provided periods of increased demand by institutional investors. In addition, improved earnings results from some listed companies and modest recovery in the economic environment provided a fillip to market activity going in to the final month of the December quarter and local stocks rallied pushing the main index over the 100,000 mark. However, the market retreated during the second quarter and remained depressed during the third quarter due in part to uncertainties in the political environment.

Announcement of the date for the general elections removed some of the uncertainty in the market and as such the market rose from depressed levels in the final quarter of the year. Broad based appreciation in stock prices resulted in strong gains in the fourth quarter and as such, all three stock market indices closed the financial year well above their October 2006 levels. The JSE Market Index advanced 11.7%; the JSE Select gained 13.1% and the All Jamaica Composite Index was up by approximately 13.0%.

FISCAL

For the most part, the fiscal picture worsened over the financial year in review. The government's fiscal year ended March 2007, culminated with a budget deficit of \$37.5Bn or 5.3% of GDP, relative to the targeted 2.5% of GDP. Much of the slippage occurred in the final half of the fiscal year as expenditures related to higher wages and salaries, as well as, higher than programmed interest payments on domestic debt were booked. At the same time, certain revenue flows such as the JPSCo sale failed to materialize.

For the current fiscal year (2007-08), a deficit of \$35.1Bn or 4.5% of GDP was programmed. For the fiscal year to August 2007, the fiscal deficit was \$12.10Bn or \$2.17Bn below budget. This outturn was due primarily to better than projected revenues, with expenditure being slightly below programmed. However important developments since August, including the accompanying costs of Hurricane Dean and certain expenditures which were omitted from the initial budget, have significantly weakened the outlook for the fiscal performance in the current year. Indications are that, rather than the planned lower deficit relative to the previous FY, the 2007/08 fiscal deficit might be closer to 6.0% of GDP.

Nonetheless, in September 2007, Standard & Poor's re-affirmed its 'B' long-term and 'B' short term sovereign credit ratings on Jamaica. The rating was affirmed against the background of positive developments in the local macroeconomy and the ongoing commitment to reasonable fiscal and monetary stances which balanced continuing difficulties in achieving fiscal targets and sustainably reducing the debt.

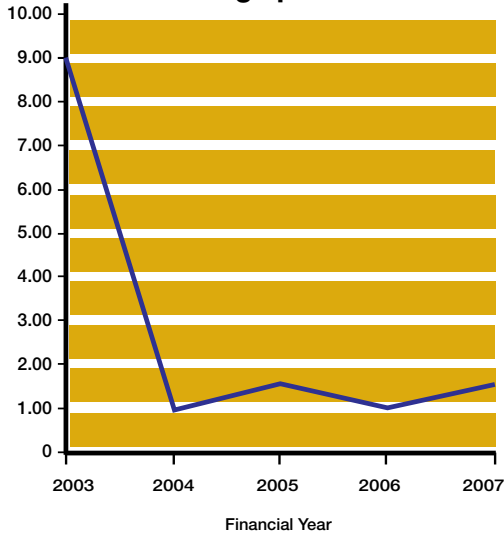
OUTLOOK

The smooth passage of the General Election and transition to a new government has helped to ease some of the uncertainties harboured by market participants and the public in general. The latest consumer and business confidence survey conducted in August 2007 showed the respective indices moving to record levels reflecting the upbeat mood of business owners and consumers about future profits and income. Importantly, growth in key areas such as the Construction & Installation, Utilities (Electricity & Water), Tourism and Financial Institutions sectors will be paramount to overall economic well being in the short to medium term.

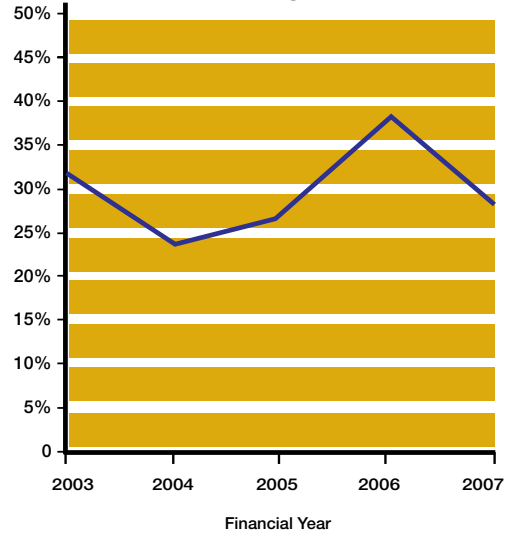
The main challenges of managing the emerging pressures on interest rates and the exchange rate, as well as, maintaining fiscal discipline will be the key factors to watch for the new financial year. Additionally, rising commodity prices, particularly oil, and a slowdown in US economic growth and world economic growth are the main external factors which can impact the economy adversely in the near term. However, Jamaica's proven ability to face severe shocks and a commitment to fiscal discipline will continue to bolster confidence in the economy.

Financial Snapshots

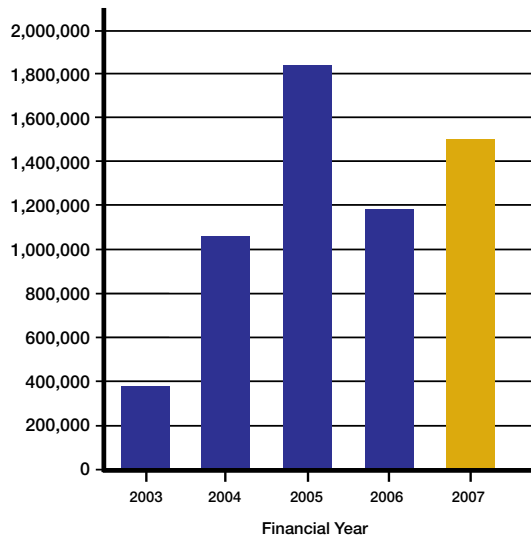
Earnings per Share



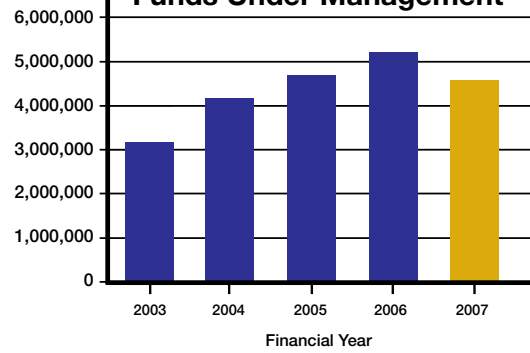
Efficiency Ratio



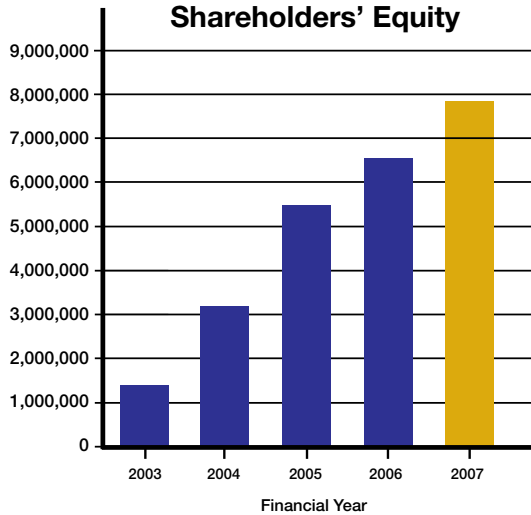
Net Profit



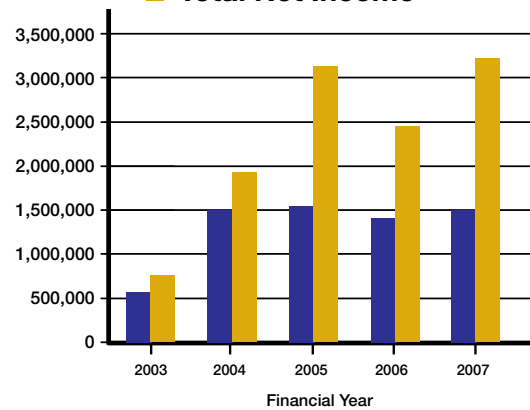
Funds Under Management



Shareholders' Equity



Net Interest Income
Total Net Income



Financial Perspective

NCB Capital Markets Limited ended the 2007 Financial Year with a Net Profit of \$1.57 billion, representing an increase of \$331.4 million or 26.8% compared to \$1.24 billion for the previous year. This was supported by a 12% growth in operating income which closed the year at \$2.8 billion.

Return on average shareholders equity for the year was 21.07%, marking an improvement from 19.65% for the preceding year. The earning on each ordinary stock unit for the year was \$1.30, compared to \$1.02 for 2006.

OPERATING INCOME

We achieved Total Income of \$2.8 billion, \$297.9 million or 11.9% more than the previous year. This performance was underscored by the following:

- *Net interest income increased by \$46.3 million or 3.1%, due mainly to sound investment strategies and expert management of our funding costs which allowed the company to maintain stable spreads.*
- *Gains on asset trading in fixed income and equity securities increased by \$109.8 million or 16.2%, as we capitalised on rising bond prices.*
- *Other operating income increased by \$153 million or 56.4% over the prior year due mainly to net mark to market equity gains of \$45.1 million, which compares favourably with the net mark to market equity losses of \$125.4 million suffered in the previous year.*

OPERATING EXPENSES

Operating expenses (excluding impairment losses) for the year totalled \$744.1 million, representing an increase of \$26.5 million or 3.7% over the prior year. Staff costs rose by \$50.2 million or 12.5%, mainly due to higher negotiated salaries and allowances. However, effective cost management strategies during the year enabled the Company to keep rising expenses in check, so much so that other operating expenses, which include marketing and administration, were reduced by \$23.7 million or 7.5%. An impairment loss of \$30.38 million on our available-for-sale equity portfolio was recorded during the period under review. This reflected a decrease of \$213.9 million or 87.6%, when compared to the impairment loss incurred in 2006.

ASSETS AND LIABILITIES

Total assets as at 30 September 2007 stood at \$57.93 billion, reflecting a decrease of \$2.97 billion or 4.9%, compared to 30 September 2006. Similarly, total liabilities at the end of the 2007 financial year totalled \$49.85 billion, \$4.25 billion or 7.9% less than at the prior year end.

The decreased asset and liabilities base is mainly attributable to the reduction in repurchase agreements arising from investors diversifying their portfolios by purchasing a wider selection of assets such as bonds and structured products. At 30 September 2007, we managed \$47.4 billion in repurchase agreement funds on behalf of our clients, representing a decrease of \$5.4 billion over the previous year. Total Assets under Management stood at \$56.06 billion.

CAPITAL

As at 30 September 2007, total stockholders' equity was \$8.08 billion, an increase of \$1.28 billion or 18.8% when compared to 30 September 2006, and this increase can be mainly attributed to the continued increase in the Company's earnings.

PREFERENCE DIVIDENDS

The Company made two dividend payments totalling \$35.25 million during the year ended 30 September 2007 (30 September 2006 - \$nil), each being an approved interim dividend of 11.75% per annum on the amount of \$300,000,000 of our Cumulative Redeemable "A" Preference Stock Units. The paid dividends represented a total dividend of 35.25 cents per preference stock unit.

Our Offices

KINGSTON & ST.ANDREW

The Atrium
3rd floor, The Atrium
32 Trafalgar Road
Kingston 10
Tel: 960-7108
Fax: 920-4313

Cross Roads
90-94 Slipe Road
Kingston 5
Tel: 960-4904
Fax: 926-7463

Duke Street
37 Duke Street
Kingston
Tel: 502-1052
Fax: 967-4729

Knutsford Boulevard
1-7 Knutsford Boulevard
Kingston 5
Tel: 501-5043
Fax: 501-5196

Hagley Park Road
211 Hagley Park Road,
Kingston 11
Tel: 757-2492
Fax: 923-7517

Half-Way-Tree
94 Half Way Tree Road
Kingston 10
Tel: 968-0821
Fax: 960-0661

Manor Park
Manor Park Plaza
184 Constant Spring Road
Kingston 8
Tel: 969-0248
Fax: 925-6478

Matilda's Corner
15 Northside Plaza
Kingston 6
Tel: 513-3300
Fax: 970-0929

Newport West
54 2nd Street
Kingston 11
Tel: 757-0651
Fax: 923-5272

Red Hills
105 Red Hills Road
Kingston 19
Tel: 925-4963
Fax: 925-5316

**University
Mona Campus**
Kingston 7
Tel: 970-1667
Fax: 927-1523

**ST. CATHERINE
Portmore**
13-14 West Trade Way
Portmore Towncentre
St. Catherine
Tel: 525-5405
Fax: 704-8455

Spanish Town
St. Jago Shopping Centre,
Burke Rd, Spanish Town
St. Catherine
Tel: 749-2035
Fax: 704-8455

**CLARENDON
May Pen**
40 Main Street, May Pen,
Clarendon
Tel: 902-6634 or 986-4428
Fax: 986-2745

**MANCHESTER
Mandeville Plaza**
6 Perth Road
Mandeville, Manchester
Tel: 962-1039
Fax: 962-3619

**ST.ANN
St. Ann's Bay**
19-21 Main Street,
St. Ann's Bay, St. Ann
Tel: 972-0879
Fax: 972-2462

Ocho Rios
40 Main Street,
Ocho Rios, St. Ann
Tel: 974-3559
Fax: 974-2366

Brown's Town
17 Main Street
Brown's Town
St. Ann
Tel: 917-6292
Fax: 975-2508

**ST. ELIZABETH
Santa Cruz**
7 Coke Drive, Santa Cruz
St. Elizabeth
Tel: 966-2347
Fax: 966-2495

**ST. JAMES
Baywest**
18 Harbour Street
Montego Bay
St. James
Tel: 971-8988
Fax: 971-8989

**WESTMORELAND
Savanna-la-mar**
68 Great George Street
Westmoreland
Tel: 955-9073
Fax: 955-2483

**HANOVER
Lucea**
Main Street
Lucea, Hanover
Tel: 956-2204
Fax: 956-2410

ST. THOMAS
39 Queen Street
Morant Bay
St. Thomas
Tel: 703-6769
Fax: 703-6769

**TRELAWNY
Falmouth**
Water Square
Falmouth
Trelawny
Tel: 954-3232-3
Fax: 954-3211

REGISTERED OFFICE

The Atrium
32 Trafalgar Road
Kingston 10
Kingston
Jamaica

AUDITORS

KPMG
6 Duke Street
Kingston

REGISTRAR

NCB Jamaica (Nominees)
Limited
The Atrium
32 Trafalgar Road
Kingston 10

BANKERS

National Commercial Bank
Jamaica Limited

Citibank N.A

1-888-4-WEALTH
www.ncbcapitalmarkets.com
info@ncbcapitalmarkets.com

Notice of AGM

NOTICE is hereby given that the Annual General Meeting of NCB CAPITAL MARKETS LIMITED will be held at “the Atrium”, 32 Trafalgar Road, Kingston, in the parish of Saint Andrew on Wednesday, March 12, 2008, at 2:00 p.m. to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

I. AUDITED ACCOUNTS

“THAT the Audited Accounts for the year ended September 30, 2007, and the Reports of the Directors and Auditors circulated with the Notice convening the Meeting, be and are hereby adopted.”

2. ELECTION OF DIRECTORS

- (a) Article 91 of the Company’s Articles of Association provides that one-third of the Board (except the Managing Director) or, if the number of members of the Board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are Dr. Nigel Clarke, Mr. Dennis Cohen and Mr. Patrick Hylton and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

- (i) “THAT Director, DR. NIGEL CLARKE, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected.”
- (ii) “THAT Director, MR. DENNIS COHEN, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected.”
- (iii) “THAT Director, MR. PATRICK HYLTON, retiring pursuant to Article 91 of the Articles of Association be and is hereby re-elected.”
- (b) Mr. Septimus “Bob” Blake was appointed a Director of the Company on December 12, 2007. Under Article 97 of the Company’s Articles of Association, his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

The proposed resolution is therefore as follows:

“THAT Director, MR. SEPTIMUS “BOB” BLAKE, retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected.”

3. DIRECTORS’ REMUNERATION

- (a) “THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Directors”.
- (b) “THAT the total remuneration of all the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2008, be and is hereby fixed at \$3,750,000.

4. APPOINTMENT OF AUDITORS AND THEIR REMUNERATION

“THAT Messrs. KPMG, the retiring auditors not be re- appointed as Auditors of the Company and that Messrs. PricewaterhouseCoopers, who have indicated their willingness to serve, be hereby appointed auditors of the Company, until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors.

SPECIAL BUSINESS**SPECIAL RESOLUTION****5. ARTICLES OF INCORPORATION**

RESOLVED as a special resolution that the Memorandum of Association and the Articles of Association of the Company currently in force shall no longer apply to the Company and that new Articles of Incorporation in the form of the draft document previously circulated to holders of Ordinary Shares in the capital of the Company (which draft document has been initialed for the purpose of identification by the Chairman of the meeting on behalf of such shareholders entitled to vote) be and are hereby adopted with immediate effect in substitution for the aforesaid Memorandum of Association and Articles of Association of the Company.

6. RESOLUTIONS IN RESPECT OF ANY OTHER BUSINESS WHICH CAN BE TRANSACTED AT AN ANNUAL GENERAL MEETING

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience.

When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium" 32 Trafalgar Road, Kingston 10, Jamaica, not less than 48 hours before the time appointed for the Meeting. The Proxy Form should bear stamp duty of \$100.00, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

Dated this 8th day of February, 2008.

BY ORDER OF THE BOARD



ASSISTANT COMPANY SECRETARY



Form of Proxy

I/We

of _____ being a Member/Members of the abovenamed Company, hereby appoint

of _____ or failing him _____ of _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at “the Atrium”, 32 Trafalgar Road, Kingston 10, in the parish of Saint Andrew on Wednesday, March 12, 2008 at 2:00 p.m. and at any adjournment thereof.

I desire this form to be used for/against the resolutions as follows:

Resolutions	For	Against
1.		
2 (a)(i)		
2 (a)(ii)		
2 (a)(iii)		
2 (b)		
3 (a)		
3 (b)		
4.		
5.		

Dated the _____ day of _____ 2008

Signed: _____

- NOTES:**
1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
 2. This Form of Proxy should bear stamp duty of \$100. Adhesive stamps are to be cancelled by the person signing the proxy.
 3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

Notes