

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Financial Statements
Nine months ended September 30, 2005

Pan Caribbean reported Net Income of \$820 Million (EPS = \$1.53) for the nine-month period ended 30 September 2005, a 36% increase over the comparative period's results of \$601 Million (EPS = \$1.35). Earnings for the third quarter were \$223 Million (EPS = \$0.41) versus \$293 Million (EPS = \$0.58), down 24%.

Year-to-date, Net Interest Income rose 17% to \$1,042 Million from \$893 Million. Non-Interest Income improved 107% to \$550 Million from \$266 Million. Operating Income has benefited from improved interest margins and broad trading opportunities during the first half of the year. During the third quarter, we experienced tighter margins and fewer trading opportunities in fixed income, equities and foreign exchange. However, our Asset Management activities continue to perform favourably.

Non-interest income includes a \$20 Million capital gain from our sale of a 75% stake in Manufacturers Credit & Information Services Limited (MCIS) to Jamaica National Building Society on June 1. We expect this partnership to enhance the strategic expansion of MCIS in the medium term. MCIS is now reported as an associated company with its results prior to divestment reported as 'Profit from discontinued operations'.

Non-Interest expense rose 36% to \$530M. Staff costs and computer-related expenditure reflect the greatest increases. We continue to add revenue-generating professionals to our Pan Caribbean team. Additionally, given our size and increased complexity since the Manufacturers merger, we have been investing in developing and training our associates in areas of leadership, supervisory skills and regulatory compliance. Technology expenditure has increased in order to improve efficiency, meet client expectations and product development and delivery. Notwithstanding this growth in expenses, our Efficiency Ratio (Non-Interest Expense to Operating Income) at 33%, compares favourably with industry benchmarks.

Our Sigma Portfolios recorded good growth during 2005 and we continue to focus our marketing efforts to attract new investors. Our portfolios have grown 17% and now stand at \$6.3 Billion (Dec 04 = \$5.4B) with a 44% market share.

Our Balance Sheet reports \$39 Billion in Assets (December 2004 = \$41 Billion) and Equity of \$6.3 Billion (Dec 04 = \$5.7 Billion) at September 2005. The Balance Sheet is reflective of our current strategy given market conditions. We have reduced our focus on adding low margin investment assets which carry price / liquidity risks, while building our credit book. Investment Assets have declined 9% (\$3 Billion) while Credit Assets have increased 17% (\$0.6 Billion) since year-end. Credit quality continues to be acceptable as non-performing loans account for 4.2% of the credit portfolio (Dec 04 = 5.7%), represent 0.5% of total assets and are fully provided for.

The Jamaican economy continues to face challenges. In this context Pan Caribbean will maintain our focus on prudently managing risk while seeking opportunities for growth.



Richard O. Byles
Chairman



Donovan H. Perkins
President & CEO

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Note

These financial statements have been prepared in accordance with International Financial Reporting Standards.

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Consolidated Profit & Loss Account
Period ended September 30, 2005

	3 Months to Sep 05 \$'000	3 Months to * Sep 04 \$'000	9 Months to Sep 05 \$'000	9 Months to * Sep 04 \$'000
Continuing operations				
Revenues				
Interest income	1,102,749	1,325,202	3,409,782	4,007,682
Interest expense	(784,744)	(961,382)	(2,367,349)	(3,114,359)
Net interest income	318,005	363,820	1,042,433	893,323
Other operating income	138,348	151,053	550,308	265,564
Net revenue	456,353	514,873	1,592,741	1,158,887
Non-interest expense	(166,253)	(162,769)	(529,600)	(390,631)
	290,100	352,104	1,063,141	768,256
Share of profit of associate	<u>1,134</u>	<u>0</u>	<u>1,690</u>	<u>0</u>
Profit before taxation	291,234	352,104	1,064,831	768,256
Taxation	(68,501)	(64,399)	(253,409)	(176,152)
Profit from continuing operations	222,733	287,705	811,422	592,104
Discontinued operations				
Profit from discontinued operations	<u>-</u>	<u>5,026</u>	<u>8,127</u>	<u>8,809</u>
Net profit	<u>222,733</u>	<u>292,731</u>	<u>819,549</u>	<u>600,913</u>
Earnings per share				
Average shares in issue	537,707,964	500,754,371	537,366,899	444,684,351
EPS	\$0.41	\$0.58	\$1.53	\$1.35
Diluted EPS	\$0.39	\$0.56	\$1.51	\$1.33

* The comparative numbers have been restated to reflect the change in the consolidation method and to properly reflect the reversal of deferred taxation utilized.

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Consolidated Balance Sheet
As at September 30, 2005

	UNAUDITED Sep 05 \$'000	UNAUDITED Sep 04 \$'000 **	AUDITED Dec 04 \$'000 **
ASSETS			
Cash resources	1,816,916	1,014,956	860,616
Trading securities	285	60,475	1,540
Reverse repurchase agreements	1,869,790	8,949,152	6,272,348
Available-for-sale securities	28,392,841	25,999,871	27,172,029
Investment in associated company	12,891	-	-
Loans and leases	4,409,047	3,164,265	3,776,847
Goodwill	736,019	751,603	760,010
Other assets	<u>2,211,408</u>	<u>2,741,106</u>	<u>2,045,904</u>
	<u>39,449,197</u>	<u>42,681,428</u>	<u>40,889,294</u>
LIABILITIES			
Due to financial institutions	1,299,869	1,541,628	1,490,134
Customer deposits	4,130,144	2,934,634	3,422,977
Securities sold under agreement to repurchase	26,401,479	31,036,537	28,407,024
Other liabilities	<u>1,285,302</u>	<u>1,972,428</u>	<u>1,820,780</u>
Total liabilities	<u>33,116,794</u>	<u>37,485,227</u>	<u>35,140,915</u>
STOCKHOLDERS' EQUITY			
Share capital	537,708	502,559	514,308
Share capital to be issued	17,500	26,831	21,683
Share premium	2,460,108	2,277,925	2,444,657
Other reserves	369,841	261,618	369,840
Retained earnings	2,338,497	1,323,251	1,518,948
	<u>5,723,654</u>	<u>4,392,184</u>	<u>4,869,436</u>
Investment revaluation reserve	445,453	632,740	719,670
General provisions	<u>163,296</u>	<u>171,277</u>	<u>159,273</u>
	<u>6,332,403</u>	<u>5,196,201</u>	<u>5,748,379</u>
	<u>39,449,197</u>	<u>42,681,428</u>	<u>40,889,294</u>

** With effect from 1 January 2005 the revised IAS 39 no longer recognizes Originated Securities. These have been reclassified as Available-for-sale and are carried at market value through reserves. The prior year audited accounts have been amended to reflect this change.

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Statement of Changes in Shareholders' Equity
Period ended September 30, 2005

	9 MONTHS TO SEPT 2005 \$'000	9 MONTHS TO SEPT 2004 \$'000
Equity at beginning of the period - as restated	5,748,379 **	1,367,040 **
Net profit for the period	819,549	600,913
Shares issued	1,716	246,898
Shares to be issued	17,500	26,831
Premium on shares issued and other reserves	15,450	2,192,146
Movement in investment revaluation reserve	(274,214)	727,730
Movement in general provision	4,023	34,643
	<u>6,332,403</u>	<u>5,196,201</u>

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Consolidated Cash Flows
Period ended September 30, 2005

	9 MONTHS TO SEPT 2005 \$'000	9 MONTHS TO SEP 2004 \$'000
Cash resources were provided by/(used in) :		
Cash flow from operating activities		
Net profit	819,549	600,913
Items not affecting cash	29,072	54,674
Changes in non-cash working capital component	<u>105,680</u>	<u>(188,035)</u>
Cash provided by operating activities	954,301	467,552
Cash flow used in investing activities	1,469,681	4,410,823
Cash flow from financing activities	<u>(1,467,682)</u>	<u>(4,023,857)</u>
Decrease in cash resources	956,300	854,518
Cash and equivalents at beginning of period	<u>860,616</u>	<u>160,438</u>
Cash and equivalents at end of period	<u><u>1,816,916</u></u>	<u><u>1,014,956</u></u>
Represented by		
Cash	1,731,243	959,286
Cash reserve at BOJ	<u>85,673</u>	<u>55,670</u>
	<u><u>1,816,916</u></u>	<u><u>1,014,956</u></u>

Pan Caribbean Financial Services Limited & its Subsidiaries
Un-audited Segment Report
Period ended September 30, 2005

	Period ended September 30, 2005					
	Development Banking	Investment Management	Merchant Banking	Other	Eliminations	Group
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Operating revenue	209,631	3,039,711	723,649	104,426	(117,327)	3,960,090
Segment results	20,808	704,702	314,082	33,366	-	1,072,958
Taxation						(253,409)
Net profit						819,549
Segment assets	1,604,828	29,917,018	7,500,420	120,120	(429,208)	38,713,178
Unallocated Goodwill						736,019
						39,449,197
Segment liabilities	951,886	27,840,938	4,829,142	26,989	(435,943)	33,213,012

	Period ended September 30, 2004					
	Development Banking	Investment Management	Merchant Banking	Other	Eliminations	Group
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Operating revenue	128,320	3,257,641	828,518	97,051	(38,284)	4,273,246
Segment results	3,733	529,641	199,681	44,010	-	777,065
Taxation						(176,152)
Net profit						600,913
Segment assets	1,727,260	32,609,914	7,538,609	159,220	(105,178)	41,929,825
Goodwill						751,603
						42,681,428
Segment liabilities	858,701	31,522,216	5,218,104	63,516	(177,310)	37,485,227

Other operations include Pan Caribbean Asset Management Limited, Manufacturers Credit & Information Services Limited, Manufacturers Investments Limited and Pan Caribbean Investments Limited.