

Unaudited Financial Results For THE FOURTH QUARTER

- ENDED DECEMBER 31, 2005



A Member of the Capital & Credit Financial Group

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CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

FINANCIAL RESULTS FOR THE FOURTH QUARTER

The Directors of Capital & Credit Merchant Bank Limited (CCMB) are pleased to present the unaudited consolidated results of the Bank and its Subsidiaries Capital & Credit Securities Limited and Capital & Credit Fund Managers Limited (previously Jamaica Unit Trust Services Limited) for the quarter and year ended December 31, 2005. The Group recorded net profit attributable to equity holders of \$220.13 million for the quarter 2005, an increase of 73.02% over the comparative fourth quarter 2004. This strong fourth quarter performance has contributed significantly to the Bank accumulating a net profit of \$1.16 billion for the financial year, an increase of 33.73% over the audited annual profit for 2004.

REVENUES

Recognizing the challenges of low to declining interest rates particularly in the local economy, the Group aggressively pursued a strategy of building non proprietary income streams combined with restructuring its balance sheet from mid year, liquidating low yielding foreign currency denominated assets to mitigate the impact of rising interest rates in the United States. This approach facilitated generating Net Interest Income for the quarter of \$286.16 million, an increase of 22.04% over the comparative quarter 2004 and simultaneously earning Other Revenues of \$108.29 million. Both accumulate to provide overall Net Interest Income and Other Revenues of \$394.45 million, an increase of 58.57% over the \$248.75 million for the comparative quarter 2004.

The Group was successful in expanding Other Revenues by 114.22% for the year mitigating the impact of the decline of 2.04% in Net Interest Income for the year. This allowed the Group to improve Revenues by 11.29% over 2004 to \$5.89 billion for the year.

NON INTEREST EXPENSES

The Group's efficiency ratio, which tracks non interest expenses as a percentage of revenues, continues to be a leader within the industry and contributing to the Group's overall strong performance. Efficiency measured as a percentage of Non Interest Expenses to Net Interest Income and Other Revenues continues to average approximately 40% over both the current and previous year.

For the quarter, non interest expenses amounted to \$180.35 million compared to \$188.07 million for the comparative quarter 2004. Staff costs at \$104.51 million for the quarter compared to \$82.39 million in the comparative quarter is the most significant item of expenditure. The group benefited from collections on its non accrual loans portfolio leading to the Loan loss recovery of \$44.35 million for the quarter thereby reversing the impact of charges recorded earlier in the year and improving overall net expenses for the period.

The Group continues to aggressively pursue collections on all non accrual loans and monitoring and containment in expenses so as to maximize the net contributions for the period. Management's continued focus on cost containment along with income growth and diversification has contributed to the Group attaining a new benchmark with net profit of \$1.16 billion for the year.

EARNINGS PER STOCK UNIT

For the year, Earnings per Stock Unit amounts to 197 cents. Earnings per Stock Unit for the quarter is 37 cents, an increase of 68.18% over the 22 cents for the comparable quarter 2004. Earnings per Stock Unit for the year is based on the net profit attributable to equity holders of the Bank and the weighted average number of shares in issue of 591,238,670 units for the year and 598,475,159 units for the quarter considering the increase in share capital arising from the new shares issues consequent to the Rights issue undertaken in the fourth quarter 2005.

BALANCE SHEET

In pursuit of the strategy to sell off low yielding foreign currency denominated assets, the Group trimmed its overall balance sheet size as at December 31, 2005 to \$52.89 billion, a decline of 10.92% over the year end value for 2004. In addition, the Group manages on a fiduciary basis approximately \$2.59 billion in assets under management primarily in respect of the funds managed by the subsidiary Capital & Credit Fund Managers Limited.

LOAN PORTFOLIO

Loans at December 31, after provision for loan losses amounted to \$2.64 billion. During the quarter, the Bank was successful in collecting on past due debts that had been provided for as doubtful earlier in the year. Accordingly, loan loss recoveries of \$44.35 million have been recognized during the quarter bringing the overall net recovery for the year of \$9.61 million. As required under International Financial Reporting Standards (IFRS), the loan loss provision at December 31, 2005 is \$21.15 million representing 0.88% of gross loans compared to loan loss provision of \$30.49 million or 1.15% of gross loans for the previous year end. Non performing loans at December 31, 2005 amounted to \$329.98 million. Collections on the substantive amount due have been finalized.

IFRS Loan Loss Provision is determined on a different basis from Regulatory requirements. The difference between the methodologies is applied to a non-distributable Loan Loss Reserve in the equity component of the Balance Sheet. At December 31, 2005 the reserve amounted to \$18.24 million compared to \$20.70 million for the previous year end. Consequently, the provisions are considered adequate.

CAPITAL BASE

At December 31, 2005 total stockholders equity amounted to \$ 4.67 billion, an increase of 40.79% since year end December 2004. The strengthening of the capital base has been facilitated through both the conduct of the Rights Issue and the growth and retention in earnings.

At the Annual General Meeting held May 10, 2005, the authorized share capital of the Bank was increased from \$300 million to \$400 million. The meeting gave approval to the Directors to make a renounceable Rights Issue to the Stockholders from these additional shares. The Rights Issue opened to stockholders on October 15, 2005 and closed on November 14, 2005. 52.89 million new shares were issued after collecting approximately \$1.04 billion after expenses.

The Group also earned approximately \$1.16 billion in net profit for the year. From this amount, dividends of \$155.05 million have been allocated along with the transfer of approximately \$71.39 million to Statutory Reserve as annually required by the Financial Institution Act. The growth in the capital base has been constrained by unrealized losses in market values of available-for-sale financial instruments. At year end the Fair Value Reserve includes a negative value of \$206.91 million.

DIVIDENDS

Following approval by the Board of Directors on July 15, 2005, a first interim dividend of 10 cents per stock unit was made to stockholders on record as at August 12, 2005. Payment totaling \$58.88 million was made to stockholders on August 26, 2005.

At the Directors Meeting of December 16, 2005, a second interim dividend of 15 cents per stock unit was approved for stockholders on record as at December 30, 2005. Payment of dividend totaling \$96.17 million to stockholders was made on January 26, 2006.

BUSINESS OUTLOOK

Capital & Credit Merchant Bank Ltd and its subsidiaries continues its plan of solidifying its income streams by growing its non proprietary business and at the same time enhancing its net interest income by diversifying into assets with higher net interest spreads. We expect that these initiatives will ensure the continued growth in our profitability for the year 2006.

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2005

HIGHLIGHTS	Unaudited Dec-05 \$'000	Audited Dec-04 \$'000
ASSETS		
CASH RESOURCES	832,675	8,246,436
INVESTMENT IN SECURITIES		
Trading securities	2,094,558	5,323,688
Securities available-for-sale	45,132,887	18,402,306
Securities held-to-maturity	-	1,972,816
Originated debt	-	20,768,505
	<u>47,227,445</u>	<u>46,467,315</u>
LOANS (after provision for loan losses)	2,643,783	2,630,935
OTHER ASSETS		
Accounts receivable	1,701,423	1,567,456
Property and equipment	163,701	82,275
Other assets	319,967	374,853
TOTAL ASSETS	<u>52,888,994</u>	<u>59,369,270</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
DEPOSITS	4,821,355	4,522,026
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	39,579,012	25,751,744
LOAN PARTICIPATION	992,752	1,197,842
DUE TO OTHER FINANCIAL INSTITUTIONS	1,666,642	22,884,233
OTHER LIABILITIES	1,159,211	1,309,855
DEFERRED TAX LIABILITIES	-	386,473
STOCKHOLDERS' EQUITY		
Capital - Authorised 800,000,000 ordinary shares of \$0.50 each Issued and fully paid 641,159,682 ordinary stock units of \$0.50 each (2005 -588,800,000 ordinary stock units)	320,580	294,400
Share premium	1,412,308	392,229
Statutory reserve fund	301,670	230,281
Retained earnings reserve	1,085,020	1,085,020
Fair value reserve	(206,908)	486,960
Loan loss reserve	18,240	20,702
Unappropriated profits	1,728,193	790,259
	<u>4,659,103</u>	<u>3,299,851</u>
Minority Interest	10,919	17,246
	<u>4,670,022</u>	<u>3,317,097</u>
	<u>52,888,994</u>	<u>59,369,270</u>

Approved for issue by the Board of Directors on January 20, 2006 and signed on its behalf by:

Ryland T. Campbell
Chairman

Curtis A. Martin
President & CEO

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT & LOSS ACCOUNT

QUARTER ENDED DECEMBER 31, 2005

HIGHLIGHTS	J\$ Thousands			
	Unaudited 3 months Dec-05	Unaudited 3 months Dec-04	Unaudited 12 months Dec-05	Audited 12 months Dec-04
Gross Operating Revenue	<u>1,448,800</u>	<u>1,210,758</u>	<u>5,893,470</u>	<u>5,295,371</u>
Interest on investments	1,231,419	1,109,988	4,394,859	4,459,794
Interest on loans	109,088	86,502	382,464	314,541
	<u>1,340,507</u>	<u>1,196,490</u>	<u>4,777,323</u>	<u>4,774,335</u>
Interest expense	1,054,351	962,009	3,676,912	3,650,957
Net interest income	<u>286,156</u>	<u>234,481</u>	<u>1,100,411</u>	<u>1,123,378</u>
Commission and fee income	14,759	16,967	76,099	52,304
Net gains on securities trading	90,528	(81,432)	999,431	339,655
Foreign exchange trading and translation	(16,932)	41,061	(16,988)	44,527
Dividend income	9,560	22,852	28,087	55,346
Other income	10,378	14,820	29,518	29,204
	<u>108,293</u>	<u>14,268</u>	<u>1,116,147</u>	<u>521,036</u>
Net interest income and other revenue	<u>394,449</u>	<u>248,749</u>	<u>2,216,558</u>	<u>1,644,414</u>
NON INTEREST EXPENSES				
Staff costs	104,508	82,391	473,287	327,921
Loan loss (recovery) \ expense	(44,352)	(1,167)	(9,613)	1,944
Property expense	25,221	20,894	78,071	60,003
Depreciation	7,058	7,231	27,055	26,197
Other operating expenses	87,917	78,720	309,216	250,090
	<u>180,352</u>	<u>188,069</u>	<u>878,016</u>	<u>666,155</u>
Profit Before Taxation	214,097	60,680	1,338,542	978,259
Taxation	(6,687)	(66,956)	181,319	112,940
Profit After Taxation	<u>220,784</u>	<u>127,636</u>	<u>1,157,223</u>	<u>865,319</u>
MINORITY INTEREST	<u>651</u>	<u>406</u>	<u>(4,692)</u>	<u>406</u>
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	<u>220,133</u>	<u>127,230</u>	<u>1,161,915</u>	<u>864,913</u>
Earnings per stock unit (cents)	37	22	197	147
Return on average equity (annualised)	20.90%	20.39%	30.77%	34.65%
Return on assets (annualised)	1.75%	1.01%	2.07%	1.72%
Efficiency ratio	45.72%	75.61%	39.61%	40.51%
Number of issued ordinary shares (thousands)	641,160	588,800	641,160	588,800

CAPITAL & CREDIT MERCHANT BANK LIMITED

TOP TEN SHAREHOLDING AS AT DECEMBER 31, 2005

NAMES	SHAREHOLDING	% OF CAPITAL
CAPITAL & CREDIT FINANCIAL GROUP LTD	466,601,349	72.77
WESTSTAR INTERNATIONAL LTD	10,394,440	1.62
TEWANI LIMITED	9,036,000	1.41
TRADING A/C NATIONAL INSURANCE FUND	9,902,200	1.54
MAYBERRY INVESTMENTS LTD A/C 09022	6,855,955	1.07
CAPITAL & CREDIT EMPLOYEES SHARE OPTION PLAN	5,279,127	0.82
TRADING A/C SCOTIABANK JA TR&MER BANK A/C 542	4,619,136	0.72
RBTT NOMINEES SERVICES LTD A/C BFC 945	4,000,000	0.62
BRITISH AMERICAN INSURANCE CO (T'DAD)	3,953,390	0.62
COOYAH DESIGN	3,248,976	0.51
	523,890,573	81.71

CAPITAL & CREDIT MERCHANT BANK LIMITED
SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGERS
AS AT DECEMBER 31, 2005

DIRECTORS	SHAREHOLDING	CONNECTED SHAREHOLDERS
RYLAND T. CAMPBELL	NIL 10,394,440 550,000 120,900 466,601,349	Weststar International Ltd Arland Investments Ltd Bavar Investments Ltd Capital & Credit Financial Group Ltd
ANDREW COCKING	NIL 466,601,349	Capital & Credit Financial Group Ltd
ERNEST C THORBURN	NIL 2,200	NIL Barbara Thorburn
MARIA JONES	33,000	
KELVIN ROBERTS	35,000 251,000	Kelmar Limited
CURTIS MARTIN	1,100,220	*
<u>SENIOR MANAGERS</u>		
RICHARD DYCHE	194,000	
DEVON BARRETT	66,670	*
ROBERT CLARKE	229,134	*
ROSALIE DEANE	263,660	*
EDMOND MARSH	100,000	*
ANN HUTCHINSON	176,480	*
IRAN PYNE	8,000	*
MICHELLE WILSON REYNOLDS	192,038	*
ANNA YOUNG	44,000	*
MOYA LEIBA BARNES	232,947	*
JENNIFER ANDERSON	14,200	
ADRIAN THOMPSON	NIL	
SUZETTE HEMMINGS	3,506	
Inclusive of holdings under the Employee Share ownership Plan		

CAPITAL & CREDIT MERCHANT BANK LIMITED
SHAREHOLDINGS OF CONNECTED AND AFFILIATED PERSONS AS AT DECEMBER 31, 2005

NAME OF COMPANY / FIRM / PERSON	RELATIONSHIP	SHAREHOLDING
Weststar Finance Limited	Shareholder Capital & Credit Financial Group Limited	NIL
Weststar Group Limited	Shareholder Capital & Credit Financial Group Limited	NIL
Andrew B. Cocking	Director Shareholder Capital & Credit Financial Group Limited	NIL 466,601,349
National Insurance Fund	Shareholder Capital & Credit Financial Group Limited	9,902,200
Portland Corporation Limited	Shareholder Capital & Credit Financial Group Limited	NIL
Stephen E. Cocking	Shareholder Capital & Credit Financial Group Limited	NIL
Weststar International Limited	Shareholder Capital & Credit Financial Group Limited	10,394,440
Capital & Credit Securities Ltd.	Subsidiary company	NIL
Capital & Credit Remittance Ltd.	Affiliated company	1,182,054
Capital & Credit Financial Group Ltd.	Holding company	466,601,349