

Capital & Credit Merchant Bank Limited and Its Subsidiaries

Unaudited Financial Results For THE FOURTH QUARTER

- ENDED DECEMBER 31, 2005



Unaudited

A Member of the C. LIND 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 guarter 2004. Staff costs at \$104.51 million for the guarter compared to \$82.39 million in the comparative guarter 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.



HIGHLIGHTS

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES **CONSOLIDATED BALANCE SHEET**

Auditor

AS AT DECEMBER 31, 2005

	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
	47,227,445	46,467,315
LOANS (after provision for loan losses)	2,643,783	2,630,935
OTHER ASSETS		
Accounts receivable Property and equipment	1,701,423 163,701	1,567,456 82,275
Other assets	319,967	374,853
TOTAL ASSETS	52,888,994	59,369,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
DEPOSITS	4.821.355	4 522 026
DEPOSITS	4,021,355	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	200 500	204 400
of \$0.50 each (2005 -588,800,000 ordinary stock units)	320,580	294,400
Share premium Statutory reserve fund	1,412,308 301,670	392,229 230,281
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
., ,,	4,659,103	3,299,851
Minority Interest	10,919	17,246
	4,670,022	3,317,097
	52,888,994	59,369,270

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

Curtis A. Martin

Rvland T. Campbell

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.



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	1,448,800	1,210,758	5,893,470	5,295,371	
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	
	1,340,507	1,196,490	4,777,323	4,774,335	
Interest expense	1,054,351	962,009	3,676,912	3,650,957	
Net interest income	286,156	234,481	1,100,411	1,123,378	
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	
	108,293	14,268	1,116,147	521,036	
Net interest income and other revenue	394,449	248,749	2,216,558	1,644,414	
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	
	180,352	188,069	878,016	666,155	
Profit Before Taxation	214,097	60,680	1,338,542	978,259	
Taxation	(6,687)	(66,956)	181,319	112,940	
Profit After Taxation	220,784	127,636	1,157,223	865,319	
MINORITY INTEREST	651	406	(4,692)	406	
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	220,133	127,230	1,161,915	864,913	
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	



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QUARTERE	NDED DE	JEIVIDER 3	1, 2005						
					Thousand	i			
	Share Capital	Share Premium	Statutory Reserve Fund	Retained Earnings Reserve	Fair value Reserve	Loan loss Reserve	Unappropriated Profits	Minority Intere	est Total
Balance at December 31, 2003	292,250	365,299	196,706	723,020	81,859	30,973	398,970		2,089,077
Net profit for the period							864,913	406	865,319
Transfer from loan loss reserve	-	-	-	-		(10,271)	10,271	-	
Shares Issued	2,150	26,930		-	-	-	-	-	29,080
Transfer to statutory reserve fund	-		33,575	-	-	-	(33,575)	-	-
Transfer to retained earnings reserve	-			362,000	-	-	(362,000)	-	-
Dividends paid	-	-	-	-	-	-	(88,320)	-	(88,320)
Unrealised gains on available for sale investment net of taxes not recognised in profit and loss account	-				405,101	-		16,840	421,941
Balance at December 31, 2004	294,400	392,229	230,281	1,085,020	486,960	20,702	790,259	17,246	3,317,097
Net profit for the period							1,161,915	(4,692)	1,157,223
Shares issued	26,180	1,020,079		-			-		1,046,259
Transfer from loan loss reserve	-	-		-		(2,462)	2,462		-
Dividend paid	-			-		-	(58,880)		(58,880)
Dividend declared	-			-		-	(96,174)		(96,174)
Transfer to statutory reserve fund	-	-	71,389				(71,389)	-	-
Unrealised loss on available for sale investments net of taxes not recognised in profit and loss account					(693,868)	-	-	(1,635)	(695,503)
Balance at December 31, 2005	320,580	1,412,308	301,670	1,085,020	(206,908)	18,240	1,728,193	10,919	4,670,022



YEAR ENDED DECEMBER 31, 2005

J\$ Thousands Unaudited Audited Dec-05 Dec-04

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CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

SEGMENT RESULTS

QUARTER ENDED DECEMBER 31, 2005

2005 **J**\$ Thousands Financial & Consolidation **Related Services** adjustments Group

External revenue	1,191,340	1,025,218	-	2,216,558
Net revenue from other segments	13,904		(13,904)	-
	1,205,244	1,025,218	(13,904)	2,216,558
Operating expenses	481,248	396,768		878,016
Profit before tax	723,996	628,450	(13,904)	1,338,542
Taxation				181,319
Net profit after tax				1,157,223
Minority Interest				(4,692)
Net Profit attributable to equity holders of the B	ank			1,161,915

Banking &

Related Services

Segment assets Segment liabilities

32,037,644 21,638,602 (787,252) 52,888,994 28.505.982 20.334.981 (612,314) 48,228,649

	2004					
		J\$ Thousands				
	Banking & Related Services	Financial & Related Services	Consolidation adjustments	Group		
External revenue Net revenue from other segments	611,748 36,666	414,270	- (36,666)	1,026,018		
	648,414	414,270	(36,666)	1,026,018		
Operating expenses	366,903	102,278	2,088	471,269		
Profit before tax	281,511	311,992	(38,754)	554,749		
Taxation				89,483		
Net profit after tax				465,266		
Segment assets	24,587,990	17,936,494	(909,112)	41,615,372		
Segment liabilities	22,628,780	17,489,912	(592,407)	39,526,285		

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

QUARTER ENDED DECEMBER 31, 2005

NOTES TO THE REPORT

Basis of preparation

Net Profit	1,161,915	864,913
Adjusted for operating assets and liabilities	(354,447)	(825,322)
Net cash provided by operating activities	807,468	39,591
CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES	4,186,654	(14,982,094)
CASH FLOWS (USED IN) / PROVIDED BY FINANCING ACTIVITIES	(6,308,705)	15,624,039
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,314,583)	681,536
OPENING CASH AND CASH EQUIVALENTS	1,812,019	1,103,993
Effects of foreign exchange rates	32,326	26,490
CLOSING CASH AND CASH EQUIVALENTS	529,762	1,812,019

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2005. The adoption of these new and revised Standards and Interpretations have resulted in changes to the group's disclosures but have not affected the amounts reported for the current or prior years except for the reclassification of originated debt securities to available-for-sale securities.

IAS 39, revised 2004, effective January 1, 2005, stipulates that securities which are quoted on an active market should be treated as held to maturity securities if they meet the criteria or as available-for-sale securities. Consequently, securities which were previously classified as originated debt by the Group were transferred to available-for-sale securities.

Except for the application of IAS 39, the accounting policies, used in the preparation of these interim statements, are the same as those applied in the audited statements for the year ended December 31, 2004. The directors anticipate that the adoption of the revised standards and interpretations will have no material impact on the financial statements of the Group.

This report is made in Jamaican dollars

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	*
SENIOR MANAGERS		
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	I 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