CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

UNAUDITED FINANCIAL RESULTS

FOR THE THIRD QUARTER

- ENDED SEPTEMBER 30, 2006

CAPITAL & CREDIT MERCHANT BANK LIMITED

A Member of the Capital & Credit Financial Group

6-8 Grenada Way, Kingston 5, Tel: (876) 960-5320 Fax: (876) 960-1381 Website: www.capital-credit.com Email: info@capital-credit.com

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

FINANCIAL RESULTS FOR THE THIRD 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 for the quarter ended September 30, 2006. The Group recorded Net Profit after Tax of $180.75 million for the quarter compared to $179.62 million for the comparative quarter.

REVENUES

During the quarter, the Group continued operating in a declining yield environment with yields on Jamaica dollar assets locally continuing to re-price downwards while overseas interest rates continuing to increase both in the United States and in the Caribbean region. Within these constraints, the Bank and its subsidiaries continued to pursue the strategy of building its Non-Proprietary Income streams; combined with restructuring the Balance Sheet. In spite of these initiatives, Net Interest Income dipped in the quarter to $200.64 million, a reduction of $60.80 million to the comparative quarter.

To counter the decline in Net Interest Income, the Group continues its focus on building its Other Revenue sources inclusive of Securities Trading, Foreign Exchange trading and Fee generation and to look to further opportunities to expand its Net Interest Income stream with higher yielding assets. The Group increased its Other Revenues to $223.86 million, an increase of $54.74 million accumulating an overall Net Interest Income and Other Revenue for the quarter of $424.49 million.

NON INTEREST EXPENSES

To support the income strategy, the Group continues to place increased focus on cost containment, reducing its overall expenses and thus maintaining the Group's efficiency ratio which continues to be a leader within the industry. Efficiency, measured as a percentage of Non-Interest Expenses to Net Interest Income and Other Revenues for the nine months averaged 43.60%.

Non-Interest expenses were contained across the Group to $205.95 million for the quarter in line with the comparative quarter thereby consolidating the reduction in non interest expense for the nine month period with expenditure of $628.36 million, an overall reduction of $69.31 million for the comparative nine month period.

EARNINGS PER STOCK UNIT

Earnings per Stock Unit for the quarter amounted to 28 cents, compared to 21 cents for the comparable quarter 2005. Earnings per Stock Unit is based on the Net Profit after Tax and the weighted average number of the 641,159,682 stock units in issue for the current quarter and of the 588,800,000 units for the comparative quarter. The Earnings per Stock Unit for 2005 is based upon 586,809,041, the weighted average number of ordinary stock units in issue for the year. The stockholding incremented during 2005, consequent to the Rights Issue concluded in the fourth quarter 2005 that raised an additional 52.36 million shares.

BALANCE SHEET

The Group continues to manage its overall balance sheet size to minimize the financial risk of the portfolio in light of the current economic outlook. Total assets at September 30, 2006 amounted to $52.81 billion on par with the year end holding of $52.95 billion and up from the $47.66 billion for the comparative quarter end. From mid 2005, the Group took a strategic decision to constrain the overall size of the balance sheet at that time selling off low-yielding assets and selectively acquiring higher-yielding assets, while maintaining an optimal risk profile. One significant impact of this strategy is the dramatic growth in our Loan portfolio to $3.60 billion while maintaining Investments in Securities to $45.47 billion.

The Group also manages on a fiduciary basis, approximately $2.93 billion in Assets Under Management primarily in respect of the funds managed by the subsidiary, Capital & Credit Fund Managers Limited and pension funds managed by Capital & Credit Securities Limited.

LOAN PORTFOLIO

As part of the commitment of the Group to build higher yielding assets, one of the most significant areas in the Group has been the growth of the Loan portfolio for the Bank. Loans at quarter end, after provision for Loan Losses, amounted to $3.60 billion, a dramatic increase of 63.78% from the comparable quarter end. As required under International Financial Reporting Standards (IFRS), the Loan Loss Provision at September 30, 2006 is $23.91 million, representing 0.66% of gross loans, compared to Loan Loss Provision of $66.66 million, or 2.94% of Gross Loans for the comparable quarter. Non-Performing Loans continue to be influenced by the earlier challenges to the construction sector which precipitated the recognition of non accrual status on a number of construction projects. Non accrual loans at September 30, 2006 amounted to $404.59 million. The Group continues to monitor and work with these clients to ensure that full recovery is made.

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 September 30, 2006 the reserve amounted to $28.44 million, compared to $20.70 million for the previous year-end. This movement is shown in the equities statement. The provisions are considered adequate.

CAPITAL BASE

At September 30, 2006, total Stockholders' Equity amounted to $5.24 billion. The strengthening of the Capital Base has been facilitated through both the retention in Earnings and the improved value of the Fair Value Reserve.

The Capital Base has been incremented by the Group's earnings of approximately $180.75 million in Net Profit for the quarter and a total of $658.94 million for the nine month period. Additionally, the quality of the Capital Base was enhanced by the transfer of $432.42 million from Unappropriated Profit to Retained Earnings Reserve. The boosting of the Capital Base enhances the Group's Capital Management Programme; provides more scope for expansion, as well as ensures that the Regulators' benchmarks for Capital Adequacy are met and superseded.

The Capital Base has been impacted by negative Fair Value Reserve of $192.83 million compared to $206.91 million at the beginning of the year due to marked-to-market recording of the available-for-sale Investment Portfolio, in particular our Government of Jamaica United States denominated Global Bonds.

DIVIDENDS

No dividends were paid or proposed in the quarter. The Bank has to date paid a 15 cents dividend to stockholders on June 30, 2006.

BUSINESS OUTLOOK

Capital & Credit Merchant Bank Ltd and its subsidiaries continue to solidify income streams by growing Non-Proprietary business and simultaneously enhancing its Net Interest Income by diversifying into assets with higher net-interest spreads. We anticipate that with the cessation of the increases of interest rates in the United States, the prospects for improving Net Interest Income going forward is significantly improved. However, The Bank anticipates that profitability for the fourth quarter may not have any significant impact on the current profit trend and projections therefore are for an Earnings per Share of $1.30 compared to the adjusted previous year end Earnings per Share of $1.80 cents.

The Group has made significant advances in the installation and deployment of it's new technology. The new technology which is being deployed across the Group is anticipated to improve the Group's capability particularly in respect to customer service and access; product origination; risk management; as well as improving corporate reporting, planning and research. The Group is targeting the first quarter 2007 for roll out of the new technology and associated benefits.

Along with the deployment of the new technology during 2007, the Group anticipates that with the strengthening of alliances, the introduction of new products under development and the new technology platform allowing the integration of additional services such as internet banking and related services will see to the continued growth and profitability of the Group.

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2006

HIGHLIGHTS

	Unaudited Sep-06 $'000	Unaudited Sep-05 $'000	Audited Dec-05 $'000
ASSETS			
CASH RESOURCES	1,157,347	889,642	896,925
INVESTMENT IN SECURITIES			
Trading securities	1,013,033	2,139,911	2,094,558
Securities available-for-sale	44,456,485	39,662,945	45,132,887
	45,469,518	41,802,856	47,227,445
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	256,791	143,520	-
LOANS (after provision for loan losses)	3,604,878	2,201,082	2,643,783
DEFERRED TAX ASSETS	69,504	-	67,081
OTHER ASSETS			
Accounts receivable	1,654,820	2,292,135	1,701,423
Property and equipment	282,545	90,822	163,701
Other assets	313,001	243,778	252,886
	2,250,366	2,626,735	2,118,010
TOTAL ASSETS	**52,808,404**	**47,663,835**	**52,953,244**
LIABILITIES AND STOCKHOLDERS' EQUITY			
DEPOSITS	5,951,398	4,301,353	4,821,355
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	37,373,552	35,975,911	39,579,012
LOAN PARTICIPATION	1,850,066	1,087,751	992,752
DUE TO OTHER FINANCIAL INSTITUTIONS	1,341,377	1,101,247	1,666,642
OTHER LIABILITIES	1,046,642	1,155,406	1,223,461
DEFERRED TAX LIABILITIES	-	252,201	-
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 (September 2005 -588,800,000 ordinary stock units)	320,580	294,400	320,580
Share premium	1,412,308	392,229	1,412,308
Statutory reserve fund	301,670	230,281	301,670
Retained earnings reserve	1,515,442	1,085,020	1,085,020
Fair value reserve	(192,827)	80,959	(206,908)
Loan loss reserve	28,443	20,702	18,240
Unappropriated profits	1,849,726	1,673,161	1,728,193
Attributable to stockholders of the Bank	5,235,342	3,776,752	4,659,103
Minority interest	10,027	13,214	10,919
	5,245,369	3,789,966	4,670,022
	52,808,404	**47,663,835**	**52,953,244**

Approved for issue by the Board of Directors on October 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 SEPTEMBER 30, 2006

HIGHLIGHTS

	Unaudited 3 months Sep-06 $'000	Unaudited 3 months Sep-05 $'000	Unaudited 9 months Sep-06 $'000	Unaudited 9 months Sep-05 $'000	Audited 12 months Dec-05 $'000
Gross Operating Revenue	**1,495,016**	**1,300,170**	**4,543,079**	**4,444,670**	**5,888,334**
Interest on investments	1,139,159	1,043,179	3,482,126	3,163,440	4,389,723
Interest on loans	132,000	87,877	342,731	273,376	382,464
	1,271,159	1,131,056	3,824,857	3,436,816	4,772,187
Interest expense	1,070,524	869,618	3,102,033	2,622,561	3,671,776
Net interest income	**200,635**	**261,438**	**722,824**	**814,255**	**1,100,411**
Commission and fee income	24,899	20,511	77,072	61,340	76,099
Net gains on securities trading	183,540	125,403	588,957	908,903	999,431
Foreign exchange trading and translation	12,253	7,920	34,421	(56)	(16,988)
Dividend income	1,008	6,636	7,982	18,527	28,087
Other income	2,157	8,644	9,790	19,140	29,518
	223,857	169,114	718,222	1,007,854	1,116,147
Net interest income and other revenue	**424,492**	**430,552**	**1,441,046**	**1,822,109**	**2,216,558**
NON INTEREST EXPENSES					
Staff costs	97,870	102,876	324,565	368,779	473,287
Loan loss expense\(recovery)	-	-	2,613	34,739	(9,613)
Bank charges	8,692	13,162	25,549	22,595	32,135
Property expense	17,624	23,073	50,487	52,850	78,071
Depreciation	5,427	6,125	18,230	19,997	27,058
Information technology costs	10,219	9,177	25,563	33,354	37,496
Marketing and corporate affairs	30,424	26,683	74,674	76,922	126,317
Professional fees	6,482	6,999	16,438	13,338	41,965
Other operating expenses	29,216	16,937	90,239	75,090	71,300
	205,954	**205,032**	**628,358**	**697,664**	**878,016**
Profit Before Taxation	218,538	225,520	812,688	1,124,445	1,338,542
Taxation	37,788	45,896	153,751	188,006	181,319
Profit After Taxation	**180,750**	**179,624**	**658,937**	**936,439**	**1,157,223**
Attributable to:					
Stockholders of the Bank	**181,613**	**180,865**	**658,332**	**941,782**	**1,161,915**
Minority interest	**(863)**	**(1,241)**	**605**	**(5,343)**	**(4,692)**
	180,750	**179,624**	**658,937**	**936,439**	**1,157,223**
Earnings per stock unit (cents)	28	31	103	160	197
Return on average equity (annualised)	14.47%	18.70%	17.72%	37.60%	30.12%
Return on assets (annualised)	1.33%	1.42%	1.66%	2.36%	2.07%
Efficiency ratio	48.52%	47.62%	43.60%	38.29%	39.61%
Number of issued ordinary shares	641,159,682	588,800,000	641,159,682	588,800,000	641,159,682

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

UNAUDITED FINANCIAL RESULTS

FOR THE THIRD QUARTER

- ENDED SEPTEMBER 30, 2006

CAPITAL & CREDIT MERCHANT BANK LIMITED

A Member of the Capital & Credit Financial Group

6-8 Grenada Way, Kingston 5, Tel: (876) 960-5320 Fax: (876) 960-1381 Website: www.capital-credit.com Email: info@capital-credit.com

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTER ENDED SEPTEMBER 30, 2006

	Share Capital $'000	Share Premium $'000	Statutory Reserve Fund $'000	Retained Earnings Reserve $'000	Fair value Reserve $'000	Loan loss Reserve $'000	Unappropriated Profits $'000	Minority Interest $'000	Total $'000
Balance at December 31, 2004	294,400	392,229	230,281	1,085,020	90,268	20,702	790,259	17,246	2,920,405
Net profit for the period	-	-	-	-	-	-	941,782	(4,032)	937,750
Unrealised gains on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	(9,309)	-	-	-	(9,309)
Dividend Paid	-	-	-	-	-	-	(58,880)	-	(58,880)
Balance at September 30, 2005	**294,400**	**392,229**	**230,281**	**1,085,020**	**80,959**	**20,702**	**1,673,161**	**13,214**	**3,789,966**
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
Net profit for the period	-	-	-	-	-	-	658,332	605	658,937
Transfer to retained earnings reserve	-	-	-	430,422	-	-	(430,422)	-	-
Transfer to loan loss reserve	-	-	-	-	-	10,203	(10,203)	-	-
Unrealised losses on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	14,081	-	-	(1,497)	12,584
Dividend Paid	-	-	-	-	-	-	(96,174)	-	(96,174)
Balance at September 30, 2006	**320,580**	**1,412,308**	**301,670**	**1,515,442**	**(192,827)**	**28,443**	**1,849,726**	**10,027**	**5,245,369**

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED SEPTEMBER 30, 2006

	Unaudited Sep-06 $'000	Unaudited Sep-05 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	658,937	941,782
Adjusted for operating assets and liabilities	(299,965)	5,292,421
Net cash provided by operating activities	**358,972**	**6,234,203**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	401,689	4,521,492
CASH FLOWS USED IN FINANCING ACTIVITIES	(552,581)	(11,948,463)
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	208,080	(1,192,768)
OPENING CASH AND CASH EQUIVALENTS	529,762	1,812,019
CLOSING CASH AND CASH EQUIVALENTS	**737,842**	**619,251**

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

SEGMENT RESULTS

QUARTER ENDED SEPTEMBER 30, 2006

2006

	Banking & Related Services $'000	Financial & Related Services $'000	Consolidation $'000	adjustmentsGroup $'000
External revenue	2,485,011	2,074,756	(16,688)	4,543,079
Net revenue from other segments	9,314		(9,314)	-
	2,494,325	2,074,756	(26,002)	4,543,079
Operating expenses	2,023,961	1,732,432	(26,002)	3,730,391
Profit before tax	470,364	342,324	-	812,688
Taxation				153,751
Net profit after tax				658,937
Segment assets	33,128,566	21,652,932	(1,973,094)	52,808,404
Segment liabilities	29,291,182	20,081,649	(1,809,796)	47,563,035

2005

	Banking & Related Services $'000	Financial & Related Services $'000	Consolidation adjustments $'000	Group $'000
External revenue	2,227,170	2,426,864	(197,211)	4,456,823
Net revenue from other segments	10,764	-	(22,917)	(12,153)
	2,234,934	2,426,864	(220,128)	4,444,670
Operating expenses	1,678,043	1,850,159	(207,975)	3,320,227
Profit before tax	559,891	576,705	(12,153)	1,124,443
Taxation				188,006
Net profit after tax				936,437
Segment assets	26,975,339	20,992,174	(303,678)	47,663,835
Segment liabilities	24,404,363	19,671,000	(201,494)	43,873,869

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

NOTES TO THE REPORT QUARTER ENDED SEPTEMBER 30, 2006

NOTES TO REPORT

1. Basis Of Preparation

These consolidated financial statements have been prepared in accordance with and comply with standards issued by the International Financial Reporting Standards (IFRS). 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 our operations and effective for accounting periods beginning on January 1, 2005 were adopted during 2005.

This report is made in Jamaican dollars

2. Investments

Investments are classified as trading securities available for sale; held-to-maturity securities and Loans and receivables and are initially recorded at cost. Management determines an appropriate classification based on intent and ability to hold at the time of purchase.

Trading securities are measured at market value. Gains or losses arising from changes in fair value are recorded in the profit and loss account.

Securities available for sale are subsequently re-measured at fair value. Gains or losses that arise from changes in fair value of these investments are recorded in the Fair Value Reserve
Loans and receivables and held to maturity investments are subsequently re-measured at amortised cost.

3. Employee Benefits

Provision is made for the cost of vacation leave in respect of the services rendered by employees up to the Balance Sheet date.

4. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days to maturity from the date of acquisition including cash and bank balances at Bank of Jamaica, excluding statutory reserves of $419,505,000 (2005 - $270,391,000)

5. Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profits, and is accounted for using the balance sheet liability method.

6. Segment Reporting

The Group is organised into two main business segments:

a) Banking and related services, which include taking deposits, granting loans and other credit facilities and foreign currency trading.

b) Financial and related services, which include securities trading, stock broking, portfolio planning, pension fund management, investment advisory services and unit trust management.

Transactions between the business segments are on normal commercial terms and conditions.