

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES
UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2007

The Directors of Capital & Credit Merchant Bank Limited (CCMB) 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, 2007. The Group recorded Net Profit after Tax of \$59.06 million for the quarter, compared to \$180.75 million for 2006. For the nine months ended September 30, 2007, Net Profit after Tax was \$338.50 million as against \$658.94 million for the comparative period in 2006. Reduction in the Group's income resulted mainly from a decline in trading and investment income on the Banking Group's treasury portfolio. Gains on securities trading for the quarter totaled \$47.47 million when compared to \$183.54 million for 2006. Interest on Investment was \$1,018.85 million when compared to \$1,139.16 million for 2006. The Group also incurred Foreign exchange losses of \$17.04 million in comparison to \$12.25 million gains for 2006 as a consequence of revaluation losses on maturing indexed bonds.

REVENUES

The Group's operating revenue for the quarter was generated mainly from Net Interest Income as a result of the increased emphasis placed on expansion of the Bank's loan portfolio. Loan income for the quarter grew by 64.37%, up from \$132.00 million in 2006 to \$216.96 million for this quarter, with expansion in both the retail and corporate loan portfolios, representing a clear example of the intense drive to increase the Bank's core business. This strategy has contributed to Total Income comprising of Net Interest Income and Other Revenues of \$263.01 million for the quarter, in comparison to \$424.49 million for 2006.

NON INTEREST EXPENSES

Cost containment remains a key initiative, as the Group pursues its strategy of widening income streams and substituting higher yielding assets. For the quarter, non interest expenses totaled \$189.23 million or a reduction of 8.12%, compared to \$205.95 million for 2006. Staff costs amounted to \$105.90 million, compared to \$97.87 million for 2006. Of this \$2.97 million represents redundancy cost. The Group is currently undergoing its restructuring exercise, geared towards achieving efficiency and improved productivity ratio. Non interest expenses for the nine month period have been contained to \$620.01 million when compared to \$628.36 million in the comparative period of the previous year.

Earnings per Stock (EPS) Unit for the quarter amounted to 9 cents, compared to 28 cents for the comparable quarter of 2006. EPS Unit is based on the Net Profit after Tax and the weighted average number of the 641,159,682 stock units in issue for both the current and comparative quarter ended.

BALANCE SHEET

Total assets at September 30, 2007 amounted to \$57.19 billion, up from both the year end holding of \$52.80 billion and \$52.81 billion for the comparative quarter end. The Group continues to focus on expanding its retail business, while selectively acquiring higher-yielding assets and selling low-yielding assets in order to maintain an optimal risk profile. This strategy has led to the expansion of the credit portfolio to \$6.66 billion compared to \$3.64 billion in the comparative quarter. There is also an increase in the treasury portfolio of investment in securities to \$46.90 billion as against \$46.14 billion in the comparative period of 2006. The expansions have been facilitated by increases in the Bank's deposit portfolio to \$6.91 billion up from \$6.06 billion in the comparative quarter.

The Group also manages on a fiduciary basis, approximately \$2.66 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 strategy to invest in higher yielding assets, the Bank has focused on growing both its retail and corporate loan portfolios. Loans at quarter end, after provision for Loan Losses, amounted to \$6.66 billion, a significant increase of 83.18% from the comparative quarter position, and an equivalent increase in loan income to \$216.96 million or 64.37% up from \$132.00 million reported in the comparative quarter. As required under International Financial Reporting Standards (IFRS), the Loan Loss Provision at September 30, 2007 is \$47.00 million, representing 0.71% of gross loans, compared to Loan Loss Provision of \$23.91 million, or 0.66% of Gross Loans for the comparable quarter. Non accrual loans as at September 30, 2007 amounted to \$490.51 million. The Bank continues to review and monitor its credit quality and expect to make significant recovery in the next quarter.

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, 2007 the reserve amounted to \$62.35 million, compared to \$28.44 million for the same previous year quarter end. This movement is shown in the equities statement. The provisions are considered adequate.

CAPITAL BASE

The Group continues to have a strong capital base. At September 30, 2007, total Stockholders' Equity amounted to \$5.32 billion - an increase of 1.75 % over the comparative quarter end. The strengthening of the Capital Base has been facilitated primarily through the retention in earnings. The Fair Value Reserve which represents the market value adjustment of the investment portfolio continues to constrain the total value, as the market values of securities listed on the Jamaica Stock Exchange and other securities continue to fluctuate.

BUSINESS OUTLOOK

The following initiatives are expected to positively impact the Group's future profitability and growth:

- Continued volume growth in the loan portfolio - both corporate and retail.
- Increase in loan yields as a consequence of the launch of a number of high yield credit products.
- Ongoing trend of declining interest rates in the United States will significantly enhance the net interest spreads on our international bond portfolio.
- Significant efficiencies and cost savings to be realized from implementation of the new Core Banking technology and restructuring of the Group.
- Introduction of electronic banking solutions including Automated Banking Machine (ABM) and Internet Banking services.
- Increased activities based on renewed focus in foreign currency trading.

The Bank has positioned itself to derive more business opportunities and enhanced income from a number of income streams. The recently launched products - Capital Facilitator and (REAP) Resource Entrepreneurship Advancement Programme (the latter designed for micro and small businesses) are two examples. In addition, the relationship with its United States based associate Investment Brokerage Company; Capital & Credit International Inc. (CCII) is expected to begin bearing fruit in the fourth quarter onwards.

The newly opened Capital & Credit Securities Ltd. Branch in Ocho Rios offers to that region products and services which will be expanded to related companies very soon. So although the banking group is not expected to beat the 2006 performance, earnings per share (EPS) are projected to be approximately eighty five (85) to ninety (90) cents per share for 2007.

CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2007

HIGHLIGHTS

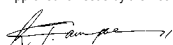
	Unaudited Sep-07 \$'000	Unaudited Sep-06 \$'000	Audited Dec-06 \$'000
ASSETS			
CASH RESOURCES	2,149,314	1,157,347	1,360,551
INVESTMENT IN SECURITIES	46,902,090	46,141,513	45,694,072
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	-	266,421	177,756
INVESTMENT IN ASSOCIATE	3,282	-	3,282
LOANS (after provision for loan losses)	6,664,145	3,638,071	3,976,613
INTANGIBLE ASSETS	450,225	329,406	379,124
DEFERRED TAX ASSETS	64,238	69,504	14,359
OTHER ASSETS			
Accounts receivable	459,037	789,315	738,544
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	376,904	308,542	340,042
Property, plant and equipment	106,051	93,285	101,864
Other asset	15,000	15,000	15,000
	<u>956,992</u>	<u>1,206,142</u>	<u>1,195,450</u>
TOTAL ASSETS	57,190,286	52,808,404	52,801,207
LIABILITIES AND STOCKHOLDERS' EQUITY			
DEPOSITS	6,910,596	6,061,719	5,683,937
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	41,306,058	37,552,162	37,466,800
LOAN PARTICIPATION	1,549,042	1,878,098	1,715,849
DUE TO OTHER FINANCIAL INSTITUTIONS	1,484,599	1,348,412	1,719,950
OTHER LIABILITIES			
Bank overdraft	15,244	-	7,484
Accounts payable	210,848	414,102	405,464
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	376,904	308,542	340,042
	<u>602,996</u>	<u>722,644</u>	<u>752,990</u>
STOCKHOLDERS' EQUITY			
Capital - Authorised 800,000,000 ordinary shares	-	-	-
Issued and fully paid 641,159,682 ordinary stock units	1,732,888	320,580	1,732,888
Share premium	-	1,412,308	-
Statutory reserve fund	362,678	301,670	362,678
Retained earnings reserve	1,515,442	1,515,442	1,515,442
Fair value reserve	(556,030)	(192,827)	(88,381)
Loan loss reserve	62,351	28,443	39,741
Unappropriated profits	2,198,860	1,849,726	1,886,506
Attributable to stockholders of the Bank	5,316,189	5,235,342	5,448,874
Minority interest	20,811	10,027	12,807
	<u>5,337,000</u>	<u>5,245,369</u>	<u>5,461,681</u>
	57,190,286	52,808,404	52,801,207

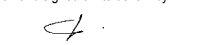
CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT & LOSS ACCOUNT QUARTER ENDED SEPTEMBER 30, 2007

HIGHLIGHTS

	Unaudited 3 months Sep-07 \$'000	Unaudited 3 months Sep-06 \$'000	Unaudited 9 months Sep-07 \$'000	Unaudited 9 months Sep-06 \$'000	Audited 12 months Dec-06 \$'000
Gross Operating Revenue	1,297,136	1,495,016	4,073,800	4,543,079	6,069,800
Interest on investments	1,018,853	1,139,159	3,008,994	3,482,126	4,539,628
Interest on loans	216,964	132,000	587,811	342,731	486,411
	<u>1,235,817</u>	<u>1,271,159</u>	<u>3,596,805</u>	<u>3,824,857</u>	<u>5,026,039</u>
Interest expense	1,034,123	1,070,524	3,035,811	3,102,033	4,109,324
Net interest income	201,694	200,635	560,994	722,824	916,715
Commission and fee income	19,339	24,899	69,064	77,072	101,361
Net gains on securities trading	47,468	183,540	363,504	588,957	880,707
Foreign exchange trading and translation	(17,043)	12,253	4,007	34,421	24,490
Dividend income	6,340	1,008	31,035	7,982	22,464
Other income	5,215	2,157	9,385	9,790	14,739
	<u>61,319</u>	<u>223,857</u>	<u>476,995</u>	<u>718,222</u>	<u>1,043,761</u>
Net interest income and other revenue	263,013	424,492	1,037,989	1,441,046	1,960,476
NON INTEREST EXPENSES					
Staff costs	105,901	97,870	350,820	324,565	448,503
Impairment losses	-	-	-	-	158,633
Loan loss expense	-	-	11,514	2,613	13,647
Bank charges	5,923	8,692	16,844	25,549	30,683
Property expense	15,400	17,624	46,552	50,487	70,873
Depreciation	6,732	5,427	18,412	18,230	23,758
Information technology costs	9,175	10,219	21,408	25,563	30,601
Marketing and corporate affairs	13,190	30,424	45,050	74,674	100,408
Professional fees	6,535	6,482	25,014	16,438	48,358
Regulatory Cost	5,219	4,602	12,582	8,955	26,445
Irrecoverable General Consumption Tax	6,943	6,856	21,070	15,680	32,528
Other operating expenses	14,215	17,758	50,747	65,604	54,101
	<u>189,233</u>	<u>205,954</u>	<u>620,013</u>	<u>628,358</u>	<u>1,038,538</u>
Profit Before Taxation	73,780	218,538	417,976	812,688	921,938
Taxation	14,722	37,788	79,475	153,751	150,056
Profit After Taxation	59,058	180,750	338,501	658,937	771,882
Attributable to:					
Stockholders of the Bank	55,521	181,613	334,964	658,332	767,418
Minority interest	3,537	(863)	3,537	605	4,464
	<u>59,058</u>	<u>180,750</u>	<u>338,501</u>	<u>658,937</u>	<u>771,882</u>
Earnings per stock unit (cents)	9	28	53	103	120
Return on average equity (annualised)	4.38%	14.47%	8.36%	17.72%	15.24%
Return on assets (annualised)	0.43%	1.33%	0.82%	1.66%	1.46%
Efficiency ratio	71.95%	48.52%	59.73%	43.60%	52.97%
Number of issued ordinary shares	641,159,682	641,159,682	641,159,682	641,159,682	641,159,682

Approved for issue by the Board of Directors on October 19, 2007 and signed on its behalf by:


 Ryland T. Campbell - Chairman


 Curtis A. Martin - President & CEO

CONSOLIDATED STATEMENT CHANGES OF EQUITY QUARTER ENDED SEPTEMBER 30, 2007

	Share Capital	Share Premium	Statutory Reserve Fund	Retained Earnings Reserve	Fair value Reserve	Loan loss Reserve	Unappropriated Profits	Attributable to equity holders of the Parent	Minority Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at December 31, 2005	320,580	1,412,308	301,670	1,085,020	(206,908)	18,240	1,728,193	4,659,103	10,919	4,670,022
Net profit for the period	-	-	-	-	-	-	658,332	658,332	605	658,937
Transfer to retained earnings reserve	-	-	-	430,422	-	-	(430,422)	-	-	-
Unrealised gains on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	14,081	-	-	14,081	(1,497)	12,584
Transfer to loan loss reserve	-	-	-	-	-	10,203	(10,203)	-	-	-
Dividend paid	-	-	-	-	-	-	(96,174)	(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	5,235,342	10,027	5,245,369
Balance at December 31, 2006	1,732,888	-	362,678	1,515,442	(88,381)	39,741	1,886,506	5,448,874	12,807	5,461,681
Net profit for the period	-	-	-	-	-	-	334,964	334,964	3,537	338,501
Transfer to loan loss reserve	-	-	-	-	-	22,610	(22,610)	-	-	-
Unrealised losses on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	(467,649)	-	-	(467,649)	4,467	(463,182)
Balance at September 30, 2007	1,732,888	-	362,678	1,515,442	(556,030)	62,351	2,198,860	5,316,189	20,811	5,337,000

CONSOLIDATED STATEMENT OF CASH FLOW QUARTER ENDED SEPTEMBER 30, 2007

	Unaudited Sep-07 \$'000	Unaudited Sep-06 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	338,501	658,937
Adjusted for operating assets and liabilities	(62,546)	(299,965)
Net cash (used in) / provided by operating activities	275,955	358,972
CASH FLOWS USED IN INVESTING ACTIVITIES	(4,256,533)	401,689
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	4,663,759	(552,581)
INCREASE IN CASH AND CASH EQUIVALENTS	683,181	208,080
OPENING CASH AND CASH EQUIVALENTS	818,808	529,762
CLOSING CASH AND CASH EQUIVALENTS	1,501,989	737,842

NOTES QUARTER ENDED SEPTEMBER 30, 2007

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) and have been prepared under the historical cost convention as modified by the revaluation of available for sale investment securities, investment securities held for trading and all derivative contracts.

The Group adopted the latest standards, interpretations and amendments that came into effect in 2006. These included IAS 39, the Fair Value Option, IAS 39 and IFRS 4, (Financial Guarantees Contracts) and IFRIC 4 (Determining whether an arrangement contains a lease). The adoption of these amendments and interpretations had no material effect on the Group's accounting policies.

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 \$632,081,000 (2006 - \$419,505,000).

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:

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

7. Comparative Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

SEGEMENTS RESULTS QUARTER ENDED SEPTEMBER 30, 2007

	2007			
	Banking & Related Services \$'000	Financial & Related Services \$'000	Consolidation adjustments \$'000	Group \$'000
External revenue	2,123,124	2,069,151	(118,475)	4,073,800
Net revenue from other segments	8,601	-	(8,601)	-
	2,131,725	2,069,151	(127,076)	4,073,800
Operating expenses	1,865,615	1,917,285	(127,076)	3,655,824
Profit before tax	266,110	151,866	-	417,976
Taxation	-	-	-	79,475
Net profit after tax	-	-	-	338,501
Segment assets	33,878,997	23,800,329	(489,040)	57,190,286
Segment liabilities	29,919,669	22,265,503	(331,886)	51,853,286

	2006			
	Banking & Related Services \$'000	Financial & Related Services \$'000	Consolidation adjustments \$'000	Group \$'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