

Pan Caribbean Financial Services Limited AND ITS SUBSIDIARIES

Un-audited Financial Statements

Three Months ended March 31, 2008



Pan Caribbean reported Net Income of \$254 Million (EPS = \$0.46) for the three-month period ended March 31, 2008, down 10% compared to \$279 Million (EPS = \$0.51) reported for the comparative period last year. Net Interest Income advanced by 21% to \$478 Million from \$396 Million, influenced primarily by improved interest margins and balance sheet growth. Non-Interest Income declined 19% from \$204 Million to \$166 Million. In Q1 2007 our earnings benefited from a favourable trading environment where gains of \$113 Million were realized versus \$22 Million in this current quarter.

Non-Interest Expense increased 21% to \$263 Million compared to \$217 Million for the prior year. Personnel Costs rose 30% influenced by a 10% increase in staff levels and 2008 salary adjustments reflecting the inflationary environment that now prevails. Other Operating Expenses increased as a result of preparation for commercial banking operations, the introduction of new services and other continuing technology projects.

Profit before tax remained flat at \$383 Million for the quarter under review, but profit after tax fell primarily as a result of increased deferred tax charges.

This quarter saw our balance sheet surpass the \$50 Billion mark, with growth of 4% to \$51.8 Billion compared to \$49.8 Billion at December 2007. Our securities portfolio increased 8% during this period to \$43.0 Billion while loan assets fell by 6% to \$6.7 Billion as a result of large payouts. Credit quality remained stable as non-performing loans represented 0.3% of total assets. Non-performing loans have been fully provided for.

During the quarter, Pan Caribbean successfully raised \$1.26 Billion of five-year, cumulative, redeemable preference shares with an annual dividend rate of 12.5% payable quarterly. These preference shares are included in Liabilities as required by IFRS. This transaction represented the second largest local share offer over the last five years. Costs associated with this offer were \$9.6 Million.

Stockholders' Equity closed the quarter at \$7.1 Billion (\$7.5 Billion at December 2007) as a result of the payment of dividends amounting to \$356 Million (\$0.65 per stock unit) and a reduction in Fair Value Reserve as a result of a downturn in bond prices.

This new year is an exciting one and marks the 25th Anniversary of Pan Caribbean and the 10th Anniversary of our Sigma Corporate Run.

The Sigma Run in partnership with the National Health Fund raised over \$12 Million for renal care at three public hospitals in Montego Bay and Kingston. The event was well supported by Corporate Jamaica with over 8,000 participants contributing to a great cause to help make our country a healthier place to live.

Plans are well underway for our commercial bank and we expect to improve the value propositions available to customers with attractive new products and services.

Richard O. Byles
Chairman

Donovan H. Perkins
President & CEO

UN-AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

PERIOD ENDED MARCH 31, 2008

	3 MONTHS TO MAR 2008 \$'000	3 MONTHS TO MAR 2007 \$'000
Gross Operating Revenues	<u>1,584,474</u>	<u>1,420,899</u>
Net interest income and other revenue		
Interest income from loans	196,239	150,987
Interest income from securities	1,220,750	1,062,220
Interest income from leases	1,765	3,514
Total interest income	<u>1,418,754</u>	<u>1,216,721</u>
Interest expense	940,262	821,121
Net interest income	<u>478,492</u>	<u>395,600</u>
Fee and commission income	72,145	70,279
Net trading income	22,277	112,819
Other operating income	71,298	21,080
	<u>644,212</u>	<u>599,778</u>
Operating expenses		
Staff costs	161,082	124,413
Provision for credit losses, net	-	147
Occupancy costs	15,278	15,567
Other operating expenses	86,177	76,769
	<u>262,537</u>	<u>216,896</u>
Operating profit	<u>381,675</u>	<u>382,882</u>
Share of profits of associates	<u>1,318</u>	<u>237</u>
Profit before taxation	<u>382,993</u>	<u>383,119</u>
Taxation	<u>(128,949)</u>	<u>(103,958)</u>
NET PROFIT	<u>254,044</u>	<u>279,161</u>
EARNINGS PER STOCK UNIT		
Average stock unit in issue	547,723,314	542,875,964
EPS	\$ 0.46	\$ 0.51
DILUTED EPS	\$ 0.46	\$ 0.51

UN-AUDITED CONSOLIDATED BALANCE SHEET

MARCH 31, 2008

	UNAUDITED MAR 2008 \$000's	UNAUDITED MAR 2007 \$000's	AUDITED DEC 2007 \$000's
ASSETS			
Cash and balances due from other financial institutions	420,475	672,934	1,315,654
Cash reserve at Bank of Jamaica	76,789	61,733	95,848
Trading securities	1,816,435	2,261,982	1,503,840
Securities purchased under agreements to resell	2,520,169	1,635,690	1,662,199
Loans, net of provisions for credit losses	6,695,623	5,768,193	7,118,412
Lease receivables	49,909	47,278	39,289
Investment securities	38,744,333	35,449,440	36,722,676
Income tax recoverable	3,476	37,689	-
Investment in associates	17,992	16,857	18,456
Due from related company	16,388	-	17
Intangible assets	70,389	41,751	68,377
Goodwill	733,750	733,750	733,750
Property, plant and equipment	135,018	135,100	134,573
Deferred tax assets	2,777	2,784	7,385
Other assets	507,753	422,150	376,688
Total assets	<u>51,811,276</u>	<u>47,287,331</u>	<u>49,797,164</u>
LIABILITIES			
Due to banks and other financial institutions	1,525,690	1,577,671	1,553,347
Customer deposits	5,545,904	4,616,283	5,489,757
Securities sold under agreements to repurchase	35,772,234	33,038,349	34,656,325
Preference shares	1,264,348	-	-
Income tax payable	402	-	59,774
Deferred tax liabilities	45,966	331,392	111,628
Due to related company	5,179	164	2,258
Other liabilities	529,534	260,789	393,145
Total liabilities	<u>44,689,257</u>	<u>39,824,648</u>	<u>42,266,234</u>
STOCKHOLDERS' EQUITY			
Share capital	3,103,811	3,049,496	3,098,919
Share options reserve	44,678	34,678	42,178
Retained earnings reserve	172,000	172,000	172,000
Reserve fund	186,400	86,443	156,651
Loan loss reserve	121,732	82,412	103,456
Fair value reserves	(252,294)	514,218	80,178
Retained earnings	3,745,692	3,523,436	3,877,548
Total stockholders' equity	<u>7,122,019</u>	<u>7,462,683</u>	<u>7,530,930</u>
Total liabilities and equity	<u>51,811,276</u>	<u>47,287,331</u>	<u>49,797,164</u>

UN-AUDITED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

PERIOD ENDED MARCH 31, 2008

	3 MONTHS TO MAR 2008 \$'000	3 MONTHS TO MAR 2007 \$'000
Equity at beginning of the period	7,530,930	7,204,134
Net profit for the period	254,044	279,161
Shares issued	4,892	-
Share Option Reserve	2,500	2,258
Movement of fair value reserve	(332,473)	(21,329)
Movement in loan loss reserve	18,277	(1,541)
Dividends paid	(356,151)	-
	<u>7,122,019</u>	<u>7,462,683</u>

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

Pan Caribbean Financial Services Limited
AND ITS SUBSIDIARIES

Un-audited Financial Statements

Three Months ended March 31, 2008



PAN CARIBBEAN

FINANCIAL SERVICES LTD.

A member of the Sagacor Group

UN-AUDITED CONSOLIDATED CASH FLOWS
PERIOD ENDED MARCH 31, 2008

	3 MONTHS TO MAR 2008 \$'000	3 MONTHS TO MAR 2007* \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	254,044	279,161
Profit on disposal of fixed assets	(18)	-
Depreciation	10,997	7,994
Amortisation of intangibles	10,686	7,590
Provision for losses	-	(147)
Share option	2,500	2,258
Unrealised gains on TI investments	(34,756)	(11,331)
Share of profits of associates	(879)	257
Interest income	(1,418,754)	(1,216,721)
Interest expense	940,262	821,121
Taxation	102,114	90,042
CASH USED IN OPERATING ACTIVITIES	(133,804)	(19,776)
CHANGES IN OPERATING ASSETS & LIABILITIES, NET	326,154	265,897
NET CASH PROVIDED BY OPERATING ACTIVITIES	192,350	246,121
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	18	-
Investment securities, net	(1,941,548)	(3,486,388)
Loans and leases	431,040	(297,323)
Additions to fixed assets and intangibles	(24,139)	(26,965)
CASH USED IN INVESTING ACTIVITIES	(1,534,629)	(3,810,676)
CASH FLOW FROM FINANCING ACTIVITIES		
Due to bank and other financial institutions	(511,277)	191,373
Customer deposits	55,182	145,643
Securities sold under agreement to repurchase	942,912	949,562 *
Due to related companies, net	(13,450)	4,965
Preference shares issued	1,264,348	-
Ordinary shares issued	4,892	-
Dividends paid	(356,151)	-
CASH PROVIDED BY FINANCING ACTIVITIES	1,386,456	1,291,543
INCREASE/(DECREASE) IN CASH RESOURCES	44,177	(2,273,012)
CASH & EQUIVALENTS AT BEGINNING OF PERIOD	1,071,348	3,248,864
CASH & EQUIVALENTS AT END OF PERIOD	1,115,525	975,852
REPRESENTED BY		
Cash and balances due from other financial institutions	420,475	672,934
Investment securities	2,704,040	1,371,897
Short term deposits held by financial institutions	(1,545,708)	(1,068,979) *
Due to banks and other financial institutions - short term	(463,282)	-
	1,115,525	975,852

* Reclassified

UN-AUDITED SEGMENT REPORT
March 31, 2008

	Period ended March 31, 2008						
	Investment Management	Credit	Asset Management	Trading	Trust Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total gross revenues	1,286,923	204,899	51,395	63,065	6,139	(27,947)	1,584,474
Segment results	286,062	32,264	30,668	35,429	(2,748)	-	381,675
Share of associated company profit	1,318	-	-	-	-	-	1,318
Profit before tax	287,380	32,264	30,668	35,429	(2,748)	-	382,993
Income tax expense							(128,949)
Net profit							254,044
Segment assets	43,524,929	6,820,949	54,604	152,437	7,300	-	50,560,219
Unallocated assets							1,251,057
Total Assets							51,811,276
Segment liabilities	42,582,486	1,525,690	-	-	-	-	44,108,176
Unallocated liabilities							581,081
Total Liabilities							44,689,257
	Period ended March 31, 2007						
	Investment Management	Credit	Asset Management	Trading	Trust Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total gross revenues	1,090,759	162,641	45,779	132,878	9,901	(21,059)	1,420,899
Segment results	230,440	28,213	10,311	111,203	2,715	-	382,882
Share of associated company profit	237	-	-	-	-	-	237
Profit before tax	230,677	28,213	10,311	111,203	2,715	-	383,119
Income tax expense							(103,958)
Net profit							279,161
Segment assets	39,791,104	5,890,888	54,604	152,437	7,300	-	45,896,333
Unallocated assets							1,390,998
Total Assets							47,287,331
Segment liabilities	37,654,632	1,577,671	-	-	-	-	39,232,303
Unallocated liabilities							592,345
Total Liabilities							39,824,648

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