



CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED JUNE, 30, 2008

The Directors of Capital & Credit Financial Group Limited (CCFG) are pleased to present the unaudited results of the Group for the second quarter ended June 30, 2008.

For the three months ended June 30, 2008, CCFG recorded a Net Profit After Tax of \$127.28 million a 12% increase when compared to \$113.60 million for the corresponding quarter in 2007. For the six months, profit increased to \$269.30 million compared to \$254.53 million for the same period in 2007. The Group's core business line, Net Interest Income (NII) grew by 81% to \$658.46 million, (2007: \$363.60 million), this as a result of the strategic shift in the Bank's focus; now bearing fruits.

For the quarter, the Group benefited from improved margins to report Net Interest Income of \$329.34 million or 74.05% of Total Income. This compared to \$190.63 million or 48.58% earned in 2007. Overall, Net Interest Income and Other Revenue totaled \$444.73 million, an increase of 13.34% over the \$392.37 million for the comparative quarter of 2007.

NON INTEREST EXPENSES

Non-Interest expenses totaled \$278.82 million up from \$260.56 million in 2007, representing a 7.01% increase over the corresponding period. The major component of Non Interest expense is Staff costs. This totaled \$151.86 million up from \$140.36 million in 2007 primarily due to salary increases for 2008. We continue to focus on cost management by streamlining and consolidating work flows and processes as well as increased awareness that are being achieved from our new core banking system across the Group in order to improve operational efficiency.

EARNINGS PER STOCK UNIT

The Earnings per Stock (EPS) Unit for the comparative periods were restated to reflect the issue of Bonus Shares which were capitalized from retained earnings during 2007. For this quarter, EPS amounted to 17 cents an increase of 54.45% when compared to 11 cents for the comparable quarter of 2007. EPS Unit is based on the Net Profit after Tax and the weighted average number of 755,000,000 stock units in issue for both the current and comparative quarter end.

The Group also manages on a fiduciary basis, approximately \$3.10 billion in Assets under Management primarily in respect of funds managed by the subsidiary, Capital & Credit Fund Managers Limited (CCFM) and Pension Funds managed by Capital & Credit Securities Limited (CCSL).

BALANCE SHEET

Total assets at June 30, 2008 amounted to \$49.97 billion compared to \$56.33 billion for 2007. The Group continues to focus on expanding its retail and corporate line, while selectively acquiring higher-yielding assets and selling low-yielding ones in order to maintain an optimal risk profile.

As part of the strategy to invest in higher yielding assets, the Group is focused on growing both its retail and corporate loan portfolios. This has led to an 11.12% increase in the credit portfolio to \$7.25 billion up from \$6.53 billion for the comparative period in 2007. This also resulted in a 35.04% increase in loan income to \$504.39 million up from \$373.26 million in 2007. The continued improvements in Net Interest Income are expected to mitigate challenges in other business lines.

The Group continues to have a strong Capital Base. At June 30, 2008, total Stockholders' Equity amounted to \$6.19 billion - an increase of 13.57% over the comparative period of \$5.45 billion for 2007. The strengthening of the Capital Base has been facilitated primarily through earnings retention. 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.

In May of this year, the Capital & Credit Financial Group's restructuring exercise was finalized effectively giving the Group a 100% ownership of Capital & Credit Merchant Bank (CCMB), Capital & Credit Securities Limited (CCSL) and

Capital & Credit Fund Managers Limited (CCFM). This has resulted in the de-listing of the Bank's ordinary shares, and the simultaneous listing of CCFG's Ordinary Shares and CCMB's Preference Shares.

PERFORMANCE OF SUBSIDIARIES

The Merchant Banking arm of the Group contributed approximately 65.69% of the Group's profit. CCMB continues to experience significant improvement in its Credit Portfolio. Loan Income for the quarter grew by 20.33%, moving up to \$250.99 million from \$208.58 million for the corresponding quarter of 2007, and 34.22% for the half year, moving to \$497.74 million from \$370.85 million in 2007. The continued growth in Net Interest Income (NII) is expected to assist in offsetting challenges on the other income portfolios.

The Net Interest Income for CCSL is in line with expectations; the Company contributed approximately 40.37% of the Group's Net Profit. Strategies have been employed to aggressively grow the company's Portfolio Management Services to mitigate expected decline in securities trading income.

CCFM's Net Profit contribution of approximately 3% of the Group's profit coincides with the expected performance for this quarter. Improved management of the Funds, along with the launch of a number of bundled products is expected to drive unit sales and improve the performance of the Company going forward.

The Remittance business segment performance was not in line with expectations with an adverse contribution of approximately 2.49% to the Group's results. The new focus on expanding into the Caribbean Region and recent strategic alliances to increase the supply side from Canada, the US and the Caribbean are currently being finalized and should show positive results before year end.

Capital & Credit International Inc. (CCII) our Florida based Broker/Dealer had a slow start and a few hiccups in personnel competences in the roll out of products and services. These matters have been resolved and the company is projected to become profitable by the end of 2008.

FORWARD LOOKING

CCFG continues to focus on superior customer service delivery, expansion of products and channels offered, improvements in our productivity through human resource development and the technology platform to provide our customers with a wide range of options.

There are several challenges in the financial sector consequent upon local experiences as well as the impact of the international markets especially the United States of America. However, based on the strategies being pursued by the member companies in the Group, the performance going forward is expected to be in line with the projections, thereby building the foundation for solid growth and development.

The Directors of Capital & Credit Financial Group would like to take this opportunity to express sincere gratitude and appreciation to all our valued customers, shareholders and business associates for their continued confidence and support. We would also like to thank our dedicated and committed management and staff for the continued professionalism and integrity in their business conduct under their fiduciary responsibilities.

RYLAND T. CAMPBELL
CHAIRMAN
On behalf of the Board of Directors

CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2008

HIGHLIGHTS

	Unaudited Jun-08 \$'000	Unaudited Jun-07 \$'000	Audited Dec-07 \$'000
ASSETS			
Cash resources	1,342,774	1,382,802	2,287,442
Investment in securities	39,285,433	46,539,247	44,289,572
Investment in associates	10,561	19,651	9,411
Loans (after provision for loan losses)	7,251,286	6,525,648	6,523,850
Intangible assets			
Deferred tax assets	451,004	466,210	477,898
Accounts receivable	145,689	147,187	-
845,455	671,430	767,058	
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	510,131	447,060	354,989
Property, plant and equipment	117,316	112,721	116,008
Other investment	15,000	15,000	15,000
TOTAL ASSETS	49,974,650	56,326,956	54,841,228
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	8,877,100	7,456,878	7,667,834
Securities sold under repurchase agreements	32,282,114	39,348,959	37,198,556
Loan participation	1,074,042	1,653,035	1,959,561
Due to other financial institutions	826,176	1,106,254	1,194,851
Deferred tax liabilities	-	-	47,885
Accounts payable	85,052	503,111	203,597
Loan Payable	132,960	363,924	257,236
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	510,131	447,060	354,989
	<u>43,787,575</u>	<u>50,879,221</u>	<u>48,884,509</u>
STOCKHOLDERS' EQUITY			
Share capital	1,996,848	34,654	514,654
Capital reserve	742,861	742,861	742,861
Statutory reserve fund	408,601	362,678	408,601
Retained earnings reserve	1,515,442	1,515,442	1,515,442
Fair value reserve	(577,778)	(333,397)	31,579
Loan loss reserve	88,730	66,382	74,611
Unappropriated profits	2,012,371	1,660,459	1,187,858
	<u>6,187,075</u>	<u>4,049,079</u>	<u>4,475,606</u>
Minority interest	-	1,398,656	1,481,113
	<u>6,187,075</u>	<u>5,447,735</u>	<u>5,956,719</u>
	<u>49,974,650</u>	<u>56,326,956</u>	<u>54,841,228</u>

Approved for issue by the Board of Directors on July 25, 2008 and signed on its behalf by:

Ryland T. Campbell
Chairman

Andrew B. Cocking
Director

Kelvin St. C. Roberts
Director

Curtis A. Martin
President & CEO

CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE SIX MONTHS ENDED JUNE 30, 2008

HIGHLIGHTS

	Unaudited 3 months Jun-08 \$'000	Unaudited 3 months Jun-07 \$'000	Unaudited 6 months Jun-08 \$'000	Unaudited 6 months Jun-07 \$'000	Audited 12 months Dec-07 \$'000
Gross Operating Revenue	1,438,464	1,431,858	2,858,845	2,818,308	5,535,826
Interest on investments	1,068,570	1,020,431	2,074,589	1,990,640	4,077,034
Interest on loans	254,502	209,683	504,386	373,259	814,010
Interest expense	1,323,072	1,230,114	2,578,975	2,363,899	4,891,044
Net interest income	993,737	1,039,485	1,920,513	2,000,300	4,054,711
Net interest income and other revenue	329,335	190,629	658,462	363,599	836,333
Commission and fee income	28,183	30,960	60,703	63,458	127,703
Net gains on securities trading	32,566	120,279	110,521	321,294	433,421
Foreign exchange trading and translation	17,412	21,012	44,884	25,423	906
Dividend income	20,532	27,327	42,963	38,163	68,721
Other income	16,698	2,166	20,799	6,072	14,031
	<u>115,391</u>	<u>201,744</u>	<u>279,870</u>	<u>454,410</u>	<u>644,782</u>
Net interest income and other revenue	444,726	392,373	938,332	818,009	1,481,115
NON INTEREST EXPENSES					
Staff costs	151,856	140,361	306,847	275,851	541,581
Loan loss expense	12,078	11,514	18,618	11,514	12,022
Depreciation and amortization	23,201	6,277	46,260	12,358	45,299
Other operating expenses	91,684	102,410	216,362	200,136	457,760
	<u>278,819</u>	<u>260,562</u>	<u>588,087</u>	<u>499,859</u>	<u>1,056,662</u>
Operating Profit	165,907	131,811	350,245	318,150	424,453
Share of results of associate	(845)	(1,695)	(1,689)	(3,391)	(6,783)
Profit Before Taxation	165,062	130,116	348,556	314,759	417,670
Taxation	37,781	16,515	79,256	60,230	69,486
Profit After Taxation	127,281	113,601	269,299	254,529	348,184
Attributable to:					
Stockholders of the Bank	127,281	79,686	218,936	178,977	233,590
Minority interest	-	33,915	50,363	75,552	114,594
	<u>127,281</u>	<u>113,601</u>	<u>269,299</u>	<u>254,529</u>	<u>348,184</u>
Restated Earnings Per Stock unit (cents)	17	11	29	25	32

CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2008

	Unaudited Jun-08 \$'000	Unaudited Jun-07 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	269,299	254,529
Adjusted for operating assets and liabilities	57,012	133,787
Net cash (used in) / provided by operating activities	326,311	388,316
CASH FLOWS USED IN INVESTING ACTIVITIES		
	5,562,595	1,885,047
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
	(4,963,036)	(2,257,382)
INCREASE IN CASH AND CASH EQUIVALENTS	(1,074,130)	15,981
OPENING CASH AND CASH EQUIVALENTS	1,667,391	826,982
CLOSING CASH AND CASH EQUIVALENTS	593,261	842,963



**CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2008**

	Share Capital \$'000	Statutory Reserve Fund \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Fair value Reserve \$'000	Loan loss Reserve \$'000	Unappropriated Profits \$'000	Minority Interest \$'000	Total \$'000
Balance at December 31, 2006	34,654	362,678	742,861	1,515,442	177,438	39,741	1,516,470	1,407,528	5,796,812
Unrealised gains on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	(510,835)	-	-	-	(510,835)
Net profit for the period	-	-	-	-	-	-	170,630	(8,872)	161,758
Transfer to loan loss reserve	-	-	-	-	-	26,641	(26,641)	-	-
Balance at June 30, 2007	34,654	362,678	742,861	1,515,442	(333,397)	66,382	1,660,459	1,398,656	5,447,735
Balance at December 31, 2007	514,654	408,601	742,861	1,515,442	31,579	74,611	1,187,858	1,481,113	5,956,719
Unrealised loss on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	-	(609,357)	-	-	-	(609,357)
Net profit for the period	-	-	-	-	-	-	269,300	50,383	319,684
Transfer to loan loss reserve	-	-	-	-	-	14,119	(14,119)	-	-
Purchase of minority holding in the bank	1,482,194	-	-	-	-	-	654,821	(1,531,496)	605,519
Issue of Preference shares by the bank	-	-	-	-	-	-	(85,488)	-	(85,488)
Balance at June 30, 2008	1,996,848	408,601	742,861	1,515,442	(577,778)	88,730	2,012,371	-	6,187,075

**CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
SEGMENTS RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2008**

	2008					
	Banking & Related Services \$'000	Asset Management & Related Services \$'000	Remittance & Related Services	Holding Investments	Eliminations \$'000	Group \$'000
External revenue	1,285,045	1,599,131	23,714	40,445	(89,490)	2,858,845
Net revenue from other segments	6,519	-	-	-	(6,519)	0
Total Revenue	1,291,564	1,599,131	23,714	40,445	(96,009)	2,858,845
Operating expenses	1,061,456	1,447,220	32,427	54,821	(87,324)	2,508,600
Profit before tax	230,108	151,911	(8,713)	(14,376)	(8,685)	350,245
Share of Associate results						(1,689)
Taxation						79,256
Net profit after tax						269,299
Segment assets	25,366,065	25,140,279	73,018	3,216,289	(3,821,001)	49,974,650
Segment liabilities	21,278,812	23,477,494	31,443	528,446	(1,528,620)	43,787,575
	2007					
	Banking & Related Services \$'000	Asset Management & Related Services \$'000	Remittance & Related Services	Holding Investments	Eliminations \$'000	Group \$'000
External revenue	1,509,141	1,371,831	27,820	29,777	(120,261)	2,818,308
Net revenue from other segments	5,698	-	-	-	(5,698)	-
Total Revenue	1,514,839	1,371,830	27,820	29,777	(125,959)	2,818,308
Operating expenses	1,278,991	1,263,486	35,701	45,581	(123,601)	2,500,158
Profit before tax	235,848	108,344	(7,881)	(15,804)	(2,358)	318,150
Share of Associate results						(3,391)
Taxation						60,230
Net profit after tax						254,529
Segment assets	32,282,110	24,017,058	72,024	1,476,206	(1,520,442)	56,326,956
Segment liabilities	28,441,159	22,250,172	23,133	390,287	(225,531)	50,879,220

**CAPITAL & CREDIT FINANCIAL GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2008**

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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates.

IFRS 7 – Financial Instruments: Disclosures

The Group has adopted – IFRS 7 effective January 1, 2007, which introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosure about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

This report is made in Jamaican dollars.

2. Financial Assets

Financial assets 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 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 \$749,514,000 (2007 - \$539,839,000).

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 four 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.
- Remittance and related services which include facilitating the electronic transfer of funds from overseas to Jamaica.
- Holding investments.

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