

Pan Caribbean Financial Services Limited AND ITS SUBSIDIARIES

Un-audited Financial Statements

Six Months ended June 30, 2009



Pan Caribbean reported an increase of 19% in Net Profit to \$722 Million (EPS = \$1.32) for the six-month period ended June 30, 2009, above last year's \$606 Million (EPS = \$1.11). Net Profit for the second quarter was \$373 Million (EPS = \$0.68) up 6% compared to \$352 Million (EPS = \$0.64) reported for the comparative prior-year period.

For the six-month period, Net Interest Income advanced by 28% to \$1.22 Billion from \$952 Million. Improved interest margins and balance sheet growth of 19% contributed to this increase over the comparative prior-year period. Non-interest Income grew by 16% to \$461 Million versus \$397 Million in 2008, due largely to increases in fixed income trading gains and improved foreign exchange trading and translation gains in the first quarter.

2008's Non-interest Income also included a \$58 Million capital gain realized on the disposal of our 25% holding in Manufacturers Credit and Information Services Limited (MCIS). Excluding this item, our Net Profit was up 32% year-to-date and 27% for the second quarter.

Operating Expenses increased 25% to \$702 Million compared to \$561 Million for the prior year. Personnel Costs grew 16%, influenced primarily by increases in our team for our new commercial bank and 2009 salary adjustments reflecting the prevailing inflationary environment. Loss provisions increased by \$44 Million. Other Operating Expenses also increased as a result of costs associated with our new commercial bank and the introduction of new services.

While our six-month Profit before Tax grew 24% to \$978 Million (2008: \$791 Million), Net Profit increased 19% as the prior year gain on sale of MCIS was not subject to taxation.

Total Assets increased by 3% and now stand at \$65.6 Billion, compared to \$63.8 Billion at December 2008. Our interest-bearing securities portfolio increased 8% during this period to \$51.1 Billion while loans and leases increased 14% to \$9.6 Billion. Non-performing loans represent 3.1% (Dec. 2008: 2.8%) of total loan portfolio, and 0.46% (Dec. 2008: 0.37%) of total assets and have been adequately provided for.

Stockholders' Equity closed the quarter at \$7.69 Billion (Dec. 2008: \$7.08 Billion). Fair Value Reserve improved as bond prices are recovering due to an upturn in the market. Pan Caribbean continues to exhibit a strong balance sheet, with a consolidated Capital to Assets ratio of 11.7%. During the first quarter \$356 Million (\$0.65 per share) in ordinary dividends were paid.

Richard O. Byles
Chairman

Donovan H. Perkins
President & CEO

Un-audited Consolidated Income Statement

Period Ended June 30, 2009

	3 MONTHS TO JUN 2009 \$'000	3 MONTHS TO JUN 2008 \$'000	6 MONTHS TO JUN 2009 \$'000	6 MONTHS TO JUN 2008 \$'000
Gross Operating Revenues	<u>2,374,377</u>	<u>1,716,731</u>	<u>4,590,934</u>	<u>3,301,204</u>
Net interest income and other revenue				
Interest income from loans	280,343	185,819	531,952	382,058
Interest income from securities	1,889,930	1,297,630	3,592,827	2,518,379
Interest income from leases	<u>1,656</u>	<u>2,371</u>	<u>4,925</u>	<u>4,137</u>
Total interest income	2,171,929	1,485,820	4,129,704	2,904,574
Interest expense	<u>1,515,104</u>	<u>1,012,029</u>	<u>2,910,477</u>	<u>1,952,290</u>
Net interest income	656,825	473,791	1,219,227	952,284
Fee and commission income	73,151	90,871	136,066	163,016
Net trading income	106,534	79,913	223,555	102,190
Other operating income	<u>22,763</u>	<u>60,127</u>	<u>101,609</u>	<u>131,424</u>
	<u>859,273</u>	<u>704,702</u>	<u>1,680,457</u>	<u>1,348,914</u>
Operating expenses				
Staff costs	187,268	175,543	389,137	336,626
Provision for credit losses, net	16,659	(277)	43,915	(277)
Occupancy costs	23,529	17,153	44,051	32,430
Other operating expenses	<u>120,664</u>	<u>105,620</u>	<u>225,161</u>	<u>191,797</u>
	<u>348,120</u>	<u>298,039</u>	<u>702,264</u>	<u>560,576</u>
Operating profit	511,153	406,663	978,193	788,338
Share of profits of associates	-	1,048	-	2,365
Profit before taxation	511,153	407,711	978,193	790,703
Taxation	<u>(138,048)</u>	<u>(55,955)</u>	<u>(255,951)</u>	<u>(184,903)</u>
NET PROFIT	<u>373,105</u>	<u>351,756</u>	<u>722,242</u>	<u>605,800</u>
EARNINGS PER STOCK UNIT				
Average stock units in issue	547,924,039	547,924,039	547,924,039	547,824,231
EPS	\$ 0.68	\$ 0.64	\$ 1.32	\$ 1.11
DILUTED EPS	\$ 0.68	\$ 0.64	\$ 1.32	\$ 1.10

Un-audited Consolidated Statement of Comprehensive Income

Period Ended June 30, 2009

	3 MONTHS TO JUN 2009 \$'000	3 MONTHS TO JUN 2008 \$'000	6 MONTHS TO JUN 2009 \$'000	6 MONTHS TO JUN 2008 \$'000
Profit for the period	373,105	351,756	722,242	605,800
Other comprehensive income for the period, net of tax:				
Unrealized gain/(loss) on available-for-sale investments	584,463	(277,708)	396,111	(418,517)
Unrealized loss on cash flow hedge	(139,661)	-	(119,080)	-
(Gain)/loss reclassified and reported in profit	<u>(152,818)</u>	<u>361,274</u>	<u>(57,124)</u>	<u>169,610</u>
Other comprehensive income for the period	291,984	83,566	219,907	(248,907)
Total comprehensive income for the period	<u>665,089</u>	<u>435,322</u>	<u>942,149</u>	<u>356,893</u>

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

