



Capital & Credit Merchant Bank Limited and Its Subsidiaries

UNAUDITED FINANCIAL STATEMENT

THE THIRD QUARTER

- Ended at SEPTEMBER 30, 2009

A Member of the Capital & Credit Financial Group

6-8 Grenada Way, Kingston 5, Tel: (876) 960-5320; Fax: (876) 960-1381; Toll Free: 1-888 CCFG NOW (1-888-223-4669); Website: www.capital-credit.com; Email: info@capital-credit.com



CONDENSED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Unaudited Sep-09 \$'000	Unaudited Sep-08 \$'000	Audited Dec-08 \$'000
ASSETS			
Cash resources	1,447,657	1,351,858	1,072,080
Investment in securities	32,773,343	38,422,306	35,776,563
Investment in associate	-	3,282	3,282
Loans (after provision for loan losses)	7,238,651	7,225,062	7,557,891
Intangible assets	338,314	394,146	388,208
Deferred tax assets	472,743	260,764	532,563
Accounts receivable	792,526	802,734	725,302
Income tax recoverable	31,798	108,748	87,142
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	534,035	776,097	590,346
Property and equipment	103,747	119,323	119,512
Other asset	15,000	15,000	15,000
Total assets	43,747,814	49,479,320	46,867,889
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	8,396,333	9,371,031	9,378,051
Securities sold under repurchase agreements	26,908,924	31,569,760	29,756,252
Loan participation	548,716	1,029,944	814,790
Due to financial institutions	1,355,241	832,959	791,962
Bank overdraft	240,899	-	-
Accounts payable	121,543	379,919	368,186
Preference shares	94,188	92,068	88,796
Liabilities under acceptances, guarantees and letters of credit as per contra	534,035	776,097	590,346
	<u>38,199,879</u>	<u>44,051,778</u>	<u>41,788,383</u>
STOCKHOLDERS' EQUITY			
Share capital	1,732,888	1,732,888	1,732,888
Statutory reserve fund	458,911	408,601	458,911
Retained earnings reserve	1,515,442	1,515,442	1,515,442
Fair value reserve	(1,124,818)	(885,128)	(1,317,487)
Loan loss reserve	256,061	102,076	207,538
Unappropriated profits	2,676,029	2,530,266	2,457,695
Attributable to stockholders of the Bank	<u>5,514,513</u>	<u>5,404,145</u>	<u>5,054,987</u>
Non-controlling interest	33,422	23,397	24,519
	<u>5,547,935</u>	<u>5,427,542</u>	<u>5,079,506</u>
Total liabilities and stockholders equity	43,747,814	49,479,320	46,867,889



CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Unaudited 3 months Sep-09 \$'000	Unaudited 3 months Sep-08 \$'000	Unaudited 9 months Sep-09 \$'000	Unaudited 9 months Sep-08 \$'000	Audited 12 months Dec-08 \$'000
Gross Operating Revenue	1,585,066	1,384,008	4,681,179	4,204,774	5,667,008
Interest on investments	1,019,483	1,055,199	3,188,837	3,129,778	4,145,176
Interest on loans	335,006	261,704	1,036,943	761,852	1,030,070
	1,354,489	1,316,903	4,225,780	3,891,630	5,175,246
Interest expense	1,002,966	983,931	3,267,702	2,906,135	3,954,752
Net interest income	351,523	332,972	958,078	985,495	1,220,494
Commission and fee income	16,977	28,390	57,038	77,208	101,015
Net gains on securities trading	(22,260)	1,002	(86,381)	111,210	65,413
Foreign exchange trading and translation	210,529	19,216	385,181	56,056	218,206
Dividend income	23,569	14,182	52,545	52,158	88,484
Share of (loss)/Profit of Associated company	(1,320)	-	(3,282)	-	-
Other income	3,082	4,315	50,298	16,512	18,644
	230,577	67,105	455,399	313,144	491,762
Net interest income and other revenue	582,100	400,077	1,413,477	1,298,639	1,712,256
NON INTEREST EXPENSES					
Staff costs	137,906	143,369	433,382	422,080	597,817
Loan loss expense	116,868	5,729	169,510	24,347	50,656
Bank charges	11,565	7,623	28,307	27,400	37,291
Property expense	28,726	19,679	68,457	55,059	78,653
Depreciation and amortization	27,165	29,198	78,125	74,967	99,120
Information technology costs	15,268	12,968	42,813	27,320	41,448
Marketing and corporate affairs	19,564	17,875	44,430	41,358	69,475
Professional fees	18,855	8,879	47,025	18,269	48,324
Regulatory Cost	6,792	8,196	20,966	22,853	31,035
Irrecoverable General Consumption Tax	10,982	8,908	27,620	25,573	36,197
Other operating expenses	40,475	20,295	95,541	57,437	55,135
	434,166	282,719	1,056,176	796,663	1,145,151
Profit Before Taxation	147,934	117,358	357,301	501,976	567,105
Taxation	40,728	23,482	84,075	97,709	80,564
Net profit	107,206	93,876	273,226	404,267	486,541
Attributable to:					
Owners of the Bank	105,162	92,253	266,857	396,240	479,442
Non-controlling interest	2,044	1,623	6,369	8,027	7,099
	<u>107,206</u>	<u>93,876</u>	<u>273,226</u>	<u>404,267</u>	<u>486,541</u>
Earnings per stock unit (cents)					
EPS	16	14	42	62	75
DILUTED EPS	16	14	42	62	75

Approved for issue by the Board of Directors on October 30, 2009 and signed on its behalf by:

Ryland T. Campbell
Chairman

Curtis A. Martin
Director



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Unaudited 3 months Sep-09 \$'000	Unaudited 3 months Sep-08 \$'000	Unaudited 9 months Sep-09 \$'000	Unaudited 9 months Sep-08 \$'000	Audited 12 months Dec-08 \$'000
Profit for the period	107,206	93,876	273,226	404,267	486,541
Other comprehensive income					
Unrealised gain/(loss) on Available-for-sale financial assets	322,460	(381,051)	422,376	(1,174,703)	(1,572,972)
Income tax relating to components of other comprehensive income	(107,487)	127,017	(140,792)	391,568	524,324
Gains/(loss) reclassified and reported in profit & loss	(22,260)	1,002	(86,381)	111,210	(53,588)
Other comprehensive income for the period (net of tax)	<u>192,713</u>	<u>(253,032)</u>	<u>195,203</u>	<u>(671,925)</u>	<u>(1,102,236)</u>
Total comprehensive income for the period	299,919	(159,156)	468,429	(267,658)	(615,695)
Total comprehensive income attributable to:					
Owners of the Bank	297,831	(160,779)	459,526	(272,371)	(621,529)
Non-controlling interest	2,088	1,623	8,903	4,713	5,834
	<u>299,919</u>	<u>(159,156)</u>	<u>468,429</u>	<u>(267,658)</u>	<u>(615,695)</u>

Capital & Credit Merchant Bank Limited and Its Subsidiaries
UNAUDITED FINANCIAL STATEMENT
THE THIRD QUARTER

- Ended at SEPTEMBER 30, 2009

A Member of the  Capital & Credit Financial Group

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Share Capital \$000	Statutory Reserve Fund \$000	Retained Earnings Reserve \$000	Fair value Reserve \$000	Loan loss Reserve \$000	Unappropriated Profits \$000	Attributable to equity holders of the Parent \$000	Minority Interest \$000	Total \$000
Balance at December 31, 2007	1,732,888	408,601	1,515,442	(216,516)	74,611	2,246,978	5,762,004	18,685	5,780,689
Net profit for the period	-	-	-	-	-	396,240	396,240	8,027	404,267
Unrealised gains on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	(668,612)	-	-	(668,612)	(3,314)	(671,926)
Transfer to loan loss reserve	-	-	-	-	27,465	(27,465)	-	-	-
Bonus issue of preference shares	-	-	-	-	-	(85,488)	(85,488)	-	(85,488)
Balance at September 30, 2008	<u>1,732,888</u>	<u>408,601</u>	<u>1,515,442</u>	<u>(885,128)</u>	<u>102,076</u>	<u>2,530,265</u>	<u>5,404,144</u>	<u>23,397</u>	<u>5,427,542</u>
Balance at December 31, 2008	1,732,888	458,911	1,515,442	(1,317,487)	207,538	2,457,695	5,054,987	24,519	5,079,506
Net profit for the period	-	-	-	-	-	266,857	266,857	6,369	273,226
Unrealised gain on available for sale investments net of taxes not recognised in profit and loss account	-	-	-	192,669	-	-	192,669	2,534	195,203
Transfer to loan loss reserve	-	-	-	-	48,523	(48,523)	-	-	-
Balance at September 30, 2009	<u>1,732,888</u>	<u>458,911</u>	<u>1,515,442</u>	<u>(1,124,818)</u>	<u>256,061</u>	<u>2,676,029</u>	<u>5,514,513</u>	<u>33,422</u>	<u>5,547,935</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

	Unaudited Sep-09 \$'000	Unaudited Sep-08 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	273,226	404,267
Interest Income	(4,225,780)	(3,891,630)
Interest expenses	3,267,702	2,906,135
Loan Loss expense /(recovery)	169,510	24,347
Depreciation	78,125	74,967
Taxation charge	84,075	97,709
	<u>(353,142)</u>	<u>(384,205)</u>
<i>Movement in working capital</i>		
Accounts receivable	(67,224)	(183,399)
Loans receivable	216,829	(818,036)
Accounts payable	(246,643)	193,014
Cash used in operations	(450,180)	(1,192,626)
Interest paid	(3,300,190)	(2,872,492)
Income tax paid	-	(24,218)
Net cash (used in)/provided by operating activities	<u>(3,750,370)</u>	<u>(4,089,336)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(12,466)	(39,935)
Interest received	4,326,559	3,801,088
Decrease in investments	2,998,939	4,504,198
Cash provided by investing activities	<u>7,313,032</u>	<u>8,265,351</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Deposits	(993,611)	1,638,468
Securities sold under repurchase agreement	(2,813,977)	(5,607,521)
Loan participation	(256,438)	(926,108)
Due to other financial institutions	570,066	(353,176)
Cash used in financing activities	<u>(3,493,960)</u>	<u>(5,248,337)</u>
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	68,702	(1,072,322)
OPENING CASH AND CASH EQUIVALENTS	360,953	1,641,145
Effects of foreign exchange rate changes	3,801	16,213
CLOSING CASH AND CASH EQUIVALENTS	<u>433,456</u>	<u>585,036</u>
Cash and bank balances	1,447,657	1,351,858
Less: Statutory cash reserves	773,302	766,822
Bank overdraft	240,899	-
	<u>433,456</u>	<u>585,036</u>

SEGMENT RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30

	2009			
	Banking & Related Services	Financial & Related Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External Revenue	2,414,082	2,267,097	-	4,681,179
Inter-segments revenue	146,490	165,139	(311,629)	-
Total revenue	<u>2,560,572</u>	<u>2,432,236</u>	<u>(311,629)</u>	<u>4,681,179</u>
Operating expenses	2,274,258	2,361,248	(311,629)	4,323,878
Profit before tax	<u>286,314</u>	<u>70,988</u>	<u>-</u>	<u>357,301</u>
Taxation				(84,075)
Net profit after tax				<u>273,226</u>
Segment assets	<u>26,766,031</u>	<u>20,709,253</u>	<u>(3,727,470)</u>	<u>43,747,814</u>
Segment liabilities	<u>22,780,615</u>	<u>18,978,257</u>	<u>(3,558,993)</u>	<u>38,199,879</u>
	2008			
	Banking & Related Services	Financial & Related Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External Revenue	1,825,212	2,379,560	-	4,204,772
Inter-segments revenue	91,397	28,620	(120,017)	-
Total revenue	<u>1,916,609</u>	<u>2,408,180</u>	<u>(120,017)</u>	<u>4,204,772</u>
Operating expenses	1,598,516	2,224,297	(120,017)	3,702,796
Profit before tax	<u>318,093</u>	<u>183,883</u>	<u>-</u>	<u>501,976</u>
Taxation				(97,709)
Net profit after tax				<u>404,267</u>
Segment assets	<u>25,650,339</u>	<u>24,878,556</u>	<u>(1,049,575)</u>	<u>49,479,320</u>
Segment liabilities	<u>21,751,344</u>	<u>23,184,604</u>	<u>(884,170)</u>	<u>44,051,778</u>

NOTES TO THE FINANCIAL STATEMENTS

Basis of Preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act, and have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

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.

The results and financial position of each group entity are expressed in Jamaican dollars which is the Group's functional currency and the presentation currency for the quarterly financial statements.

All other accounting policies remain in effect as per our 2008 audited report. For further information on these accounting policies, please refer to our website.

Certain comparative balances included from the Audited 2008 financial statements were grouped to conform to the revised presentation of the unaudited quarterly report.