



The Directors of Capital & Credit Financial Group Limited (CCFG) are pleased to present the un-audited results of the CCFG Group for the 1st quarter ended March 31, 2010.

OVERVIEW

For the 1st quarter of 2010, the CCFG Group recorded an eight percent increase in Net Profit After Tax attributable to stockholders totaling \$87.14 million when compared to the \$80.78 million reported for the similar period in 2009. This resulted from a 16% increase in Net Interest Income (NII), moving from \$274.57 million in the first quarter of 2009, to \$319.72 million for this reporting period. The Group continues to reap the benefits of its strategic decision to focus on and strengthen its core business line NII. This despite the lower yields and extended maturity of the Groups locally issued investments securities stemming from the Jamaica Debt Exchange (JDX) which was concluded on February 24, 2010. The NII for the quarter includes approximately one month of income on these securities at the lower yields, as is reflected by the reduction in total interest income to \$1.08 billion, in comparison to \$1.39 billion in 2009. The Group will continue to streamline its portfolio to mitigate the JDX impact on the NII.

CCFG reported a nine percent reduction in Net Interest Income and Other Revenue, due mainly to reduction in FX trading and translation gains. NII & Other Revenue total \$406.24 million, when compared to \$444.82 million reported for the comparative period of 2009. The major components of Other Income are Commission and Fee Income, Foreign Exchange Trading and translation Gains, Dividend Income and Net Gains on Securities Trading.

NON INTEREST EXPENSES

Cost containment continues to be a key initiative of the Group, with the implementation of consolidated work flows and processes. This has resulted in a fifteen percent decline in total Operating Expenses, with a nine percent and ten percent decline in Staff Costs and Other Operating Expenses, respectively. Other Operating Expenses were reduced to \$118.37 million when compared to \$131.30 million for 2009. Staff Costs totaled \$148.92 million, when compared to \$164.00 million reported in 2009.

The Earnings per Stock (EPS) Unit remain at 9 cents per stock unit, when compared to the comparable period of 2009. The EPS Unit is based on the Net Profit after Tax and the weighted average number of 926,796,047 stock units in issue.

BALANCE SHEET

Total Assets as at March 31, 2010, stood at \$43.24 billion, compared to \$47.70 billion in 2009. During the year, the CCFG Group continued to focus on expanding its Retail and Corporate Lines, while selectively acquiring higher-yielding assets and selling low-yielding ones, in order to maintain an optimal risk profile. As consumers continue to be impacted negatively by the onset of the global recession, there has been a reduction in the Loan Portfolio, when compared to the higher volume during the previous year. At March 31, 2010, Loans, after provision for Loan Losses, stood at \$6.62 billion, a twelve percent reduction over the \$7.53 billion for the comparative period of 2009.

The CCFG Group continues to sustain its strong Capital Base through Earnings retention. At March 31, 2010, total Stockholders' Equity amounted to \$6.31 billion, an increase of 26% over the comparative period of \$5.00 billion for 2009.

OUTLOOK 2010

The CCFG Group maintains cautious optimism. We anticipate that both the global and local economies will begin the measured steps on their paths to recovery. This recovery expectation has also been signalled by successive upgrades of Jamaica's Country ratings by the International Rating Agencies, following the Government's successful completion of Jamaica's Debt Exchange (JDX) programme.

With these developments as well as anticipated fiscal prudence, the management team has been pro-active in taking the necessary precautionary measures by reassessing and re-aligning the business models. These actions will allow us to capitalize on other opportunities offered by the JDX particularly in providing additional credit facilities to the productive industries. In addition, other priorities are the development of new products and services, as well as ensuring that our Customer Service Delivery Systems, Back Office Operations and Technology are all customer centric and efficient.

The road ahead is laden with challenges, but we have already made the paradigm shift to the new economic realities and with our strong Capital Base of over \$6.31 billion, coupled with the new strategic alliances in process, the CCFG Group expects to restore its growth and maintain its stability.

The Capital & Credit Financial Group takes this opportunity to thank all stakeholders including our valued customers, for their business and support over the years.

Ryland T. Campbell
Chairman
On behalf of the Board of Directors

Curtis A. Martin
President & CEO

**UNAUDITED FINANCIAL STATEMENT****- THE FIRST QUARTER**

- Ended MARCH 31, 2010

CAPITAL & CREDIT FINANCIAL GROUP LTD.
*Providing Total Financial Solutions*CONDENSED CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2010

	Unaudited Mar-10 \$'000	Unaudited Mar-09 \$'000	Audited Dec-09 \$'000
ASSETS			
Cash Resources	1,603,678	1,326,273	2,238,294
Investment In Securities	33,232,771	36,352,854	32,523,437
Investment In Associate	21,389	11,473	23,811
Loans (After Provision For Loan Losses)	6,618,773	7,534,029	6,833,886
Intangible Assets	374,123	421,977	390,828
Deferred Tax Assets	297,151	666,395	469,499
Accounts receivable	738,654	563,404	680,970
Income Tax Recoverable	91,786	79,156	62,051
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	145,448	613,218	405,970
Property and equipment	103,787	119,015	111,476
Other investment	15,000	15,000	15,000
TOTAL ASSETS	<u>43,242,559</u>	<u>47,702,795</u>	<u>43,755,222</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	8,367,238	9,117,322	8,335,744
Securities Sold Under Repurchase Agreements	26,864,183	30,371,500	27,431,458
Loan Participation	661,659	528,859	737,098
Due To Other Financial Institutions	665,367	1,025,350	920,435
Preference shares	23,976	25,181	24,122
Accounts payable	196,569	1,017,616	169,479
Bank overdraft	12,513	-	-
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	145,448	613,218	405,970
TOTAL LIABILITIES	<u>36,936,953</u>	<u>42,699,046</u>	<u>38,024,306</u>
STOCKHOLDERS' EQUITY			
Share capital	1,995,844	1,995,844	1,995,844
Capital reserve	742,861	742,861	742,861
Statutory reserve fund	493,110	458,911	493,110
Retained earnings reserve	1,515,442	1,515,442	1,515,442
Fair value reserve	(343,030)	(1,393,988)	(835,438)
Loan loss reserve	336,854	226,093	336,854
Foreign currency translation reserve	11,912	25,533	16,777
Unappropriated profits	1,552,345	1,433,054	1,465,217
	<u>6,305,337</u>	<u>5,003,749</u>	<u>5,730,667</u>
Non-controlling interest	270	-	249
Attributable to stockholders of the company	<u>6,305,607</u>	<u>5,003,749</u>	<u>5,730,916</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>43,242,559</u>	<u>47,702,795</u>	<u>43,755,222</u>

Approved for issue by the Board of Directors on April 23, 2010 and signed on its behalf by:

Ryland T. Campbell
Chairman
On behalf of the Board of DirectorsCurtis A. Martin
President & CEO



UNAUDITED FINANCIAL STATEMENT

- THE FIRST QUARTER

- Ended MARCH 31, 2010

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTHS ENDED MARCH 31, 2010**

	Unaudited 3 months Mar-10 \$'000	Unaudited 3 months Mar-09 \$'000	Audited 12 months Dec-09 \$'000
Gross Operating Revenue	1,165,688	1,558,769	6,173,148
Interest on investments	793,888	1,049,484	4,161,653
Interest on loans	282,854	338,477	1,326,513
	<u>1,076,742</u>	<u>1,387,961</u>	<u>5,488,166</u>
Interest expense	757,027	1,113,385	4,214,058
Net interest income	319,715	274,576	1,274,108
Commission and fee income	47,083	46,529	177,410
Net gains on securities trading	6,911	(59,253)	(91,818)
Foreign exchange trading and translation	13,266	162,206	463,743
Dividend income	17,992	18,563	65,199
Gain on sale of property and equipment	792	-	8
Other income	2,902	2,763	70,440
	<u>88,946</u>	<u>170,808</u>	<u>684,982</u>
Share of loss of associated company	(2,422)	(561)	(9,618)
Net interest income and other revenue	406,239	444,823	1,949,472
NON INTEREST EXPENSES			
Staff costs	148,925	164,004	643,730
Loan loss expense	71	22,632	313,524
Depreciation and amortization	25,216	26,633	110,061
Other operating expenses	118,367	131,304	594,406
	<u>292,579</u>	<u>344,573</u>	<u>1,661,721</u>
Profit Before Taxation	113,660	100,250	287,751
Taxation	26,517	19,466	(2,888)
Profit After Taxation	87,143	80,784	290,639
Attributable to:			
Stockholders of the Group	87,128	80,784	290,579
Non-controlling interest	15	-	60
	<u>87,143</u>	<u>80,784</u>	<u>290,639</u>
Earnings per stock unit (cents)	9	9	31



Capital & Credit Financial Group Limited and Its Subsidiaries
UNAUDITED FINANCIAL STATEMENT
- THE FIRST QUARTER
- Ended MARCH 31, 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010

	Unaudited 3 months Mar-10 \$'000	Unaudited 3 months Mar-09 \$'000	Audited 12 months Dec-09 \$'000
Profit for the period	<u>87,143</u>	<u>80,784</u>	<u>290,639</u>
Other comprehensive income			
Exchange difference arising on translation of foreign operations	(4,865)	17,459	8,703
Available-for-sale financial assets			
Net gains/(losses) arising on revaluation of available-for-sale financial assets during the year	731,710	(418,904)	259,537
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	<u>6,911</u>	<u>(59,253)</u>	<u>89,360</u>
	738,621	(478,157)	348,897
Income tax relating to components of other comprehensive income	<u>(246,207)</u>	<u>159,386</u>	<u>(109,100)</u>
Other comprehensive income for the period (net of tax)	<u>487,548</u>	<u>(301,312)</u>	<u>248,500</u>
Total comprehensive income for the period	<u>574,691</u>	<u>(220,528)</u>	<u>539,139</u>
Total comprehensive income attributable to:			
Owners of the Bank	574,670	(220,528)	539,061
Non-controlling interest	21	-	78
	<u>574,691</u>	<u>(220,528)</u>	<u>539,139</u>



UNAUDITED FINANCIAL STATEMENT

- THE FIRST QUARTER

- Ended MARCH 31, 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE MONTHS ENDED MARCH 31, 2010

	Share Capital \$'000	Statutory Reserve Fund \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Fair value Reserve \$'000	Loan loss Reserve \$'000	Unappropriated Profits \$'000	Foreign currency Translation Reserve \$'000	Attributable to equity holders of the parent \$'000	Non- controlling Interest \$'000	Total \$'000
Balance at December 31, 2008	1,995,844	458,911	742,861	1,515,442	(1,075,217)	207,538	1,370,825	8,074	5,224,278	-	5,224,278
Other comprehensive income for the period	-	-	-	-	(318,771)	-	-	17,459	(301,312)	-	(301,312)
Net profit for the period	-	-	-	-	(318,771)	-	80,784	17,459	80,784	-	80,784
Transfer to loan loss reserve	-	-	-	-	-	18,555	(18,555)	-	(220,528)	-	(220,528)
Balance at March 31, 2009	1,995,844	458,911	742,861	1,515,442	(1,393,988)	226,093	1,433,054	25,533	5,003,750	-	5,003,750
Balance at December 31, 2009	1,995,844	493,110	742,861	1,515,442	(835,438)	336,854	1,465,217	16,777	5,730,667	249	5,730,916
Other comprehensive income for the period	-	-	-	-	492,408	-	-	(4,865)	487,542	6	487,548
Net profit for the period	-	-	-	-	492,408	-	87,128	-	87,128	15	87,143
Transfer to loan loss reserve	-	-	-	-	-	-	(87,128)	(4,865)	(574,670)	21	(574,691)
Balance at March 31, 2010	1,995,844	493,110	742,861	1,515,442	(343,030)	336,854	1,552,345	11,912	6,305,337	270	6,305,607



Capital & Credit Financial Group Limited and Its Subsidiaries
UNAUDITED FINANCIAL STATEMENT
- THE FIRST QUARTER
 - Ended MARCH 31, 2010

CONDENSED SEGMENT RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010

	2010					
	Banking & Related Services	Financial & Related Services	Remittance & Related Services	Holding Investments	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External Revenue	592,159	558,393	13,467	1,669	-	1,165,688
Inter-segments revenue	53,798	56,220	54	9,455	(119,527)	-
Total revenue	<u>645,957</u>	<u>614,613</u>	<u>13,521</u>	<u>11,124</u>	<u>(119,527)</u>	<u>1,165,688</u>
Net interest income	<u>199,489</u>	<u>129,049</u>	<u>(1,759)</u>	<u>(7,063)</u>	<u>-</u>	<u>319,716</u>
Operating expenses	591,712	546,029	17,442	13,950	(119,527)	1,049,606
Profit before tax	<u>54,245</u>	<u>68,584</u>	<u>(3,921)</u>	<u>(2,826)</u>	<u>-</u>	<u>116,082</u>
Share of Associate results	-	-	(2,422)	-	-	(2,422)
Taxation	5,317	23,448	(1,307)	(941)	-	26,517
Net profit after tax	<u>48,928</u>	<u>45,136</u>	<u>(5,036)</u>	<u>(1,885)</u>	<u>-</u>	<u>87,143</u>
Segment assets	<u>26,590,627</u>	<u>19,813,692</u>	<u>86,124</u>	<u>2,785,034</u>	<u>(6,032,917)</u>	<u>43,242,559</u>
Segment liabilities	<u>22,315,809</u>	<u>17,673,169</u>	<u>82,353</u>	<u>166,243</u>	<u>(3,300,621)</u>	<u>36,936,953</u>
	2009					
	Banking & Related Services	Financial & Related Services	Remittance & Related Services	Holding Investments	Consolidation adjustments	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	825,188	779,299	15,327	44,849	(106,457)	1,558,206
Net revenue from other segments	4,794	-	-	-	(4,794)	-
Total Revenue	<u>829,982</u>	<u>779,299</u>	<u>15,327</u>	<u>44,849</u>	<u>(111,251)</u>	<u>1,558,206</u>
Operating expenses	700,693	806,052	17,047	45,415	(111,251)	1,457,956
Profit before tax	<u>129,289</u>	<u>(26,753)</u>	<u>(1,720)</u>	<u>(566)</u>	<u>-</u>	<u>100,250</u>
Taxation						19,466
Net profit after tax						<u>80,784</u>
Segment assets	<u>27,788,059</u>	<u>22,581,342</u>	<u>71,893</u>	<u>2,796,819</u>	<u>(5,535,318)</u>	<u>47,702,795</u>
Segment liabilities	<u>23,981,931</u>	<u>21,114,558</u>	<u>51,501</u>	<u>145,538</u>	<u>(2,594,482)</u>	<u>42,699,046</u>



UNAUDITED FINANCIAL STATEMENT

- THE FIRST QUARTER

- Ended MARCH 31, 2010

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010**

	Unaudited Mar-10 \$'000	Unaudited Mar-09 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	87,143	80,784
Interest Income	(1,076,742)	(1,387,961)
Interest expenses	757,027	1,113,385
Loan Loss expense	71	22,632
Depreciation	25,216	26,633
Gain on sale of Property and equipment	792	-
Taxation charge	26,517	19,466
	<u>(179,976)</u>	<u>(125,061)</u>
<i>Movement in working capital</i>		
Accounts receivable	(57,684)	34,936
Loans receivable	212,861	46,488
Accounts payable	27,090	619,720
	<u>2,290</u>	<u>576,083</u>
Cash provided by operations	2,290	576,083
Interest paid	(896,250)	(1,101,308)
Income tax paid	(45,048)	(12,109)
Net cash used in operating activities	<u>(939,007)</u>	<u>(537,335)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed on sale of property and equipment	2,538	-
Acquisition of property and equipment	(3,174)	(739)
Interest received	1,319,479	1,448,831
Decrease in investments	(32,944)	(1,236,299)
Cash provided by investing activities	<u>1,285,899</u>	<u>211,793</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Deposits	63,071	(315,113)
Securities sold under repurchase agreement	(467,002)	655,094
Loan participation	(76,626)	(282,470)
Due to other financial institutions	(246,508)	234,682
Cash (used in)/provided by financing activities	<u>(727,065)</u>	<u>292,193</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(380,173)	(33,349)
OPENING CASH AND CASH EQUIVALENTS	762,906	423,467
Effects of foreign exchange rate changes	27,806	43,606
CLOSING CASH AND CASH EQUIVALENTS	<u>410,538</u>	<u>433,725</u>
Cash and bank balances	1,603,678	1,326,273
Less - statutory cash reserves	734,464	892,549
Bank overdraft	12,513	-
Cash deposit – Investment Broker	446,162	-
	<u>410,539</u>	<u>433,724</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

1 GROUP IDENTIFICATION

(a) Capital & Credit Financial Group Limited (“the Company”) is incorporated in Jamaica. Its registered office is 6 – 8 Grenada Way, Kingston 5.

The company’s main business is that of holding investments in business enterprises. On May 15, 2008 the company was listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange simultaneously.

The company and its subsidiaries are collectively referred to as the “Group”.

These ‘Condensed’ Interim Financial Reports do not include a full set of explanatory notes which are included in the most recent audited financial statements.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following revised Standards have been adopted in the current period.

	<u>Effective for annual periods beginning on or after</u>
IAS 1, 7, 17, 36, 39,) Amendments arising from April 2009 Annual IFRS 5 and 8 (Revised)) Improvements to IFRS	January 1, 2010
IFRS 2 (Revised) Share-based Payment: - Amendments relating to Group cash-settled share-based payment transactions	January 1, 2010

The adoption of these standards does not have any significant impact on the Group’s financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Group’s financial statements have been prepared in accordance, and comply, with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis of preparation

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (“its functional currency”). For the purpose of the consolidated financial statements 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 consolidated financial statements.

Comparatives

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Investment in subsidiaries

Subsidiary companies are those companies in which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries are carried at cost less any recognised impairment losses in the financial statements of the company.

Investment in associates

An associate is an entity over which the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not provide control or joint control over those policies.

Investment in associate is stated at cost adjusted for changes in the Group's share of the net assets of the associate, if any, less any impairment in the value of the investment.

Financial assets

Financial assets are recognised and derecognised using trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the timeframe established by the market and are initially measured at fair value plus transaction cost, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

The financial assets of the Group include cash resources, investment in securities, securities purchased under resale agreements, loans and accounts receivable.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Available-for-sale financial assets, and
- Loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of acquisition.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities

Financial liabilities are classified at fair value through profit or loss or other liabilities. The Group currently has no financial liabilities classified at fair value through profit or loss. Other financial liabilities of the Group are securities sold under repurchase agreements, customer deposits, due to financial institutions, loan participation, loan payable and accounts payable.

Other financial liabilities are initially measured at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

All other accounting policies remain in effect as per our 2009 audited financial statements. For further information on these policies, please refer to our Website.