CAPITAL & CREDIT MERCHANT BANK LIMITED AND ITS SUBSIDIARIES

UNAUDITED FINANCIAL STATEMENT - THE FIRST QUARTER

- Ended MARCH 31, 2010

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

The Directors of Capital & Credit Merchant Bank Limited (CCMB) are pleased to present the Un-Audited results of the Banking Group for the 1st quarter ended March 31, 2010.

OVERVIEW

For the 1st quarter of 2010, the CCMB Group recorded a 12% increase in Net Profit after Tax attributable to stockholders, totaling $92.25 million when compared to the $82.40 million reported for the similar period in 2009. This resulted from a 28% increase in Net Interest Income (NII), moving from $256.27 million in the first quarter of 2009, to $328.55 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 Group's locally issued Investments Securities stemming from the Jamaica Debt Exchange (JDX), which was concluded on February 24, 2010. The NII for the quarter includes approximate one month of income on these securities at the lower yields, as is reflected by the reduction in total interest income to $1.09 billion for the this quarter, in comparison to $1.37 billion in 2009. The Group will continue to streamline its portfolio to mitigate the JDX impact on the NII.

The Banking Group reported a three percent reduction in Net Interest Income and Other Revenue, due mainly to reduction in FX trading and Translation Gains. NII & Other Revenue total $379.71 million, when compared to $391.19 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

With the challenging economic climate still being experienced, Cost Containment continues to be a key initiative of the Group, including with the implementation of consolidated work flows and processes. This has resulted in a 10 % decline in Total Operating Expenses, with a four percent and three percent declines in Staff Costs and Other Operating Expenses, respectively. Other Operating Expenses were reduced to $11.70 million, when compared to $12.01 million for 2009. Staff Costs totaled $141.90 million, when compared to $148.08 million reported in 2009.

The Earnings per Stock (EPS) Unit increased to 14 cents per stock unit, when compared to 13 cents for the comparable period of 2009. The EPS Unit is based on the Net Profit after Tax and the weighted average number of 641,159,682 stock units in issue.

BALANCE SHEET

Total Assets as at March 31, 2010, stood at $43.16 billion, compared to $47.53 billion in 2009. During the year, the CCMB 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 $6.79 billion, a nine percent reduction over the $7.46 billion for the comparative period of 2009.

The Merchant Banking Group continues to sustain its strong Capital Base through Earnings Retention. At March 31, 2010, total Stockholders' Equity amounted to $6.20 billion, an increase of 21% over the comparative period of $5.11 billion for 2009.

OUTLOOK 2010

The Banking Group maintains cautious optimism for 2010. 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 of reassessing and re-aligning the Group's 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 $6.20 billion, coupled with the new strategic alliances in process, the Banking Group expects to maintain its stability and restore its growth.

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

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

Curtis A. Martin
President & CEO

CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Unaudited Mar-10 $'000	Unaudited Mar-09 $'000	Audited Dec-09 $'000
ASSETS			
Cash Resources	1,580,280	1,253,309	2,219,763
Investment In Securities	33,152,822	36,295,362	32,455,318
Investment In Associate	-	3,426	-
Loans (after provision for loan losses)	6,790,297	7,463,975	6,957,451
Intangible Assets	305,399	374,044	321,954
Deferred Tax Assets	343,203	621,545	511,708
Accounts receivable	654,655	719,107	637,786
Income tax recoverable	77,477	64,953	47,770
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	145,448	613,218	405,970
Property and equipment	95,562	108,437	102,143
Other asset	15,000	15,000	15,000
TOTAL ASSETS	**43,160,143**	**47,532,376**	**43,674,863**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	8,368,134	9,117,394	8,336,639
Securities Sold Under Repurchase Agreements	26,864,569	30,374,881	27,441,392
Loan Participation	661,659	528,859	737,098
Due To Other Financial Institutions	665,367	1,025,350	920,435
Bank overdraft	1,099	-	-
Accounts payable	163,021	669,974	117,820
Preference shares	89,910	94,838	89,660
Liabilities under acceptances, guarantees and letters of credit as per contra	145,448	613,218	405,970
	36,959,207	42,424,514	38,049,014
STOCKHOLDERS' EQUITY			
Capital - Authorised 800,000,000 ordinary shares			
Issued and fully paid 641,159,682 ordinary stock units	1,732,888	1,732,888	1,732,888
Statutory reserve fund	493,110	458,911	493,110
Retained earnings reserve	1,515,442	1,515,442	1,515,442
Fair value reserve	(601,311)	(1,370,856)	(1,083,302)
Loan loss reserve	336,854	226,093	336,854
Unappropriated profits	2,685,264	2,519,406	2,595,148
Attributable to stockholders of the Bank	6,162,247	5,081,884	5,590,140
Non-controlling interest	38,689	25,978	35,709
	6,200,936	5,107,862	5,625,849
	43,160,143	**47,532,376**	**43,674,863**

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

Ryland T. Campbell
Chairman

Curtis A. Martin
Director

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	**1,137,157**	**1,508,421**	**6,059,048**
Interest on investments	793,818	1,035,635	4,143,220
Interest on loans	292,187	338,008	1,358,646
Total interest income	1,086,005	1,373,643	5,501,866
Interest expense	757,452	1,117,372	4,231,769
Net interest income	**328,553**	**256,271**	**1,270,097**
Commission and fee income	17,407	17,401	73,541
Net gains on securities trading	7,617	(55,439)	(87,849)
Foreign exchange trading and translation	6,351	153,554	440,387
Dividend income	17,080	17,549	60,792
Other income	2,697	1,713	70,311
Total other operating income	51,152	134,778	557,182
Share of (loss)/Profit of Associated company	-	144	(3,282)
Net interest income and other revenue	**379,705**	**391,193**	**1,823,997**
NON INTEREST EXPENSES			
Staff costs	141,901	148,083	581,007
Loan loss expense	71	22,632	313,524
Bank charges	10,331	7,522	39,522
Property expense	19,697	21,676	106,308
Depreciation and amortization	24,564	25,978	107,517
Information technology costs	11,155	12,602	59,593
Marketing and corporate affairs	9,835	9,495	74,470
Professional fees	14,705	13,020	62,431
Regulatory Cost	6,623	7,441	28,285
Irrecoverable General Consumption Tax	8,110	7,999	40,645
Other operating expenses	11,702	12,066	62,933
Total non-interest expense	**258,694**	**288,514**	**1,476,235**
Profit Before Taxation	121,011	102,679	347,762
Taxation	28,765	20,280	5,056
Profit After Taxation	92,246	82,399	342,706
Attributable to:			
Stockholders of the Bank	**90,116**	**80,265**	**334,107**
Non-controlling interest	**2,130**	**2,134**	**8,599**
	92,246	**82,399**	**342,706**
Earnings per stock unit (cents)	14	13	52

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
Net Profit	92,246	82,399	342,706
Other comprehensive income			
Available-for-sale financial assets			
Net gains/(losses) arising on revaluation of available-for-sale financial assets during the period	716,644	(25,626)	258,935
Reclassification adjustments relating to available-for-sale financial assets disposed of in the period	7,617	(55,439)	85,391
	724,261	(81,065)	344,326
Income tax relating to components of other comprehensive income	(241,420)	27,022	(107,550)
Other comprehensive income for the period (net of tax)	482,841	(54,044)	236,776
Total comprehensive income for the period	**575,087**	**28,355**	**579,482**
Total comprehensive income attributable to:			
Owners of the Bank	572,107	26,896	568,292
Non-controlling interest	2,980	1,459	11,190
	575,087	**28,355**	**579,482**

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

	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	Non Controlling Interest $000	Total $000
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	-	-	-	-	-	80,265	80,265	2,134	82,399
Other comprehensive income for the period	-	-	-	(53,369)	-	-	(53,369)	(675)	(54,044)
Total comprehensive income for the period	-	-	-	(53,369)	-	80,265	26,896	1,459	28,355
Transfer to loan loss reserve	-	-	-	-	18,555	(18,555)	-	-	-
Balance at March 31, 2009	**1,732,888**	**458,911**	**1,515,442**	**(1,370,856)**	**226,093**	**2,519,405**	**5,081,883**	**25,978**	**5,107,861**
Balance at December 31, 2009	1,732,888	493,110	1,515,442	(1,083,302)	336,854	2,595,148	5,590,140	35,709	5,625,849
Net profit for the period	-	-	-	-	-	90,116	90,116	2,130	92,246
Other comprehensive income for the period	-	-	-	481,991	-	-	481,991	850	482,841
Total comprehensive income for the period	-	-	-	481,991	-	90,116	572,107	2,980	575,087
Transfer to loan loss reserve	-	-	-	-	-	-	-	-	-
Balance at March 31, 2010	**1,732,888**	**493,110**	**1,515,442**	**(601,311)**	**336,854**	**2,685,264**	**6,162,247**	**38,689**	**6,200,936**

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

CASH FLOW FROM OPERATING ACTIVITIES	Unaudited Mar-10 $'000	Unaudited Mar-09 $'000
Net profit	92,246	82,399
Interest Income	(1,086,005)	(1,373,643)
Interest expenses	757,452	1,117,372
Loan Loss expense	71	22,632
Depreciation	24,564	25,978
Gain on sale of Propertyand equipment	792	-
Taxation charge	28,765	20,280
Movement in working capital	(182,115)	(104,982)
Accounts receivable	(17,310)	(43,627)
Loans receivable	164,434	47,903
Accounts payable	16,250	301,788
Cash used in operations	(18,741)	201,082
Interest paid	(896,425)	(1,099,253)
Income tax paid	(45,048)	(12,109)
Net cash provided by operating activities	(960,214)	(910,280)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed on sale of property and equipment	2,538	-
Acquisition of property and equipment	(3,174)	(739)
Interest received	1,329,650	1,435,390
Decrease in investments	(5,599)	(834,998)
Cash provided by investing activities	1,323,415	599,653
CASH FLOW FROM FINANCING ATIVITIES		
Deposits	63,072	(315,107)
Securities sold under repurchase agreement	(476,550)	656,246
Loan participation	(76,626)	(282,471)
Due to other financial institutions	(246,508)	234,682
Cash (used in)/provided by finacing activities	(736,612)	293,350
DECREASE IN CASH AND CASH EQUIVALENTS	(373,411)	(17,277)
OPENING CASH AND CASH EQUIVALENTS	744,375	360,953
Effects of foreign exchange rate changes	27,591	17,084
CLOSING CASH AND CASH EQUIVALENTS	398,555	360,760
Cash and bank balances	1,580,280	1,253,309
Less: Statutory cash reserves	734,464	892,549
Bank overdraft	1,099	-
Cash deposit – Investment Broker	446,162	-
	398,555	360,760

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

2010

	Banking & Related Services $'000	Financial & Related Services $'000	Eliminations $'000	Group $'000
External Revenue	601,957	535,200	-	1,137,157
Inter-segments revenue	43,999	56,220	(100,219)	-
Total revenue	645,956	591,420	(100,219)	1,137,157
Net interest income	199,489	129,064	-	328,553
Operating expenses	591,712	524,652	(100,219)	1,016,145
Profit before tax	54,244	66,768	-	121,012
Taxation	(5,317)	(23,448)	-	(28,765)
Net profit after tax	48,927	43,320	-	92,247
Segment assets	26,590,627	19,767,830	(3,198,314)	43,160,143
Segment liabilities	22,315,809	17,673,169	(3,029,771)	36,959,207

2009

	Banking & Related Services $'000	Financial & Related Services $'000	Eliminations $'000	Group $'000
External Revenue	825,188	779,442	(96,066)	1,508,565
Inter-segments revenue	4,794	-	(4,794)	-
Total revenue	829,982	779,442	(100,860)	1,508,565
Operating expenses	700,693	806,052	(100,860)	1,405,885
Profit before tax	129,289	(26,609)	-	102,680
Taxation				20,280
Net profit after tax				82,399
Segment assets	27,788,059	22,581,342	(2,837,025)	47,532,376
Segment liabilities	23,981,931	21,114,558	(2,671,975)	42,424,514

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.

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

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.

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.

All other accounting policies remain in effect as per our 2009 audited report. For further information on these accounting policies, please refer to our Web Site.