

The Directors of Capital & Credit Merchant Bank Limited (CCMB) are pleased to present the Un-Audited results for the Banking Group for the Third Quarter ended September 30, 2010.

HIGHLIGHTS

The CCMB Group recorded \$129.04 million, a 20% growth in its Net Profit after Tax attributable to stockholders for the Quarter ending September 30, 2010. This compares to the \$107.21 million for the similar period in 2009. The year-to-date Profit stood at \$283.78 million representing a 4% growth compared to the \$273.22 million last year and a similar achievement in the year-to-date Net-Interest Income (NII) (4%).

A major contributor to the growth in Profit for the Merchant Banking Group was Securities Trading, which recorded a 196% growth. The reduction in Non-Interest Expenses (NIE) was another contributing factor, recording a 36% reduction for the Third Quarter from \$434.17 million, to \$276.18 million.

For the Quarter under review, Loan Loss Provision and Other Operating Expenses also reflected major improvements, declining by 88% and 60%, respectively. Other areas of significant growth include a 73% improvement in the Bank's liquidity position and an increase in Stockholders' Equity of 16 % over the comparative period in 2009.

REVENUES

The CCMB Group continues to focus on its Core Income line, Net Interest Income, which grew from \$958.08 million in 2009 to \$992.61 million for the current nine-month period. Although the NII was almost flat for the quarter under review, recording \$351.45 million, this was due to the lowering of Interest rates and the accompanying reduction in Loan Interest Income moving from \$335.00 million last year, to \$249.91 million for the quarter just ended.

In addition to the growth in Net Interest Income, the Merchant Banking Group also recorded significant growth in Securities Trading, moving from negative \$86.38 million for 2009, to positive \$82.74 million for the nine-month period this year. However, due mainly to a reduction in Foreign Exchange Trading and Translation Gains, there was a decline in Other Income moving from \$458.68 million last year, to \$219.87 million for the 2010 quarter. Total Interest Income declined from \$4.23 billion to \$2.96 billion as a direct result of the lower yields and extended maturities of the Group's locally-issued Investments Securities stemming from the Jamaica Debt Exchange (JDX) programme concluded in February this year.

The Banking Group continues to manage its Interest Expenses in order to reap the benefits of its strategic decision to focus on and strengthen its Core Business Line. Interest Expense for the nine-month period was reduced to \$1,973.17 million when compared to \$3,267.70 million for the similar period of 2009.

NON-INTEREST EXPENSES

Cost Containment continues to be a key initiative for the Capital & Credit Merchant Bank Group resulting in a decline in Non-Interest Expenses, which stood at \$835.65 million for the nine-month period, compared to \$1,056.17 million for the similar period last year. There was an improvement in the year-to-date Loan portfolio with a 70% decline in Loan Loss Provision, moving from \$169.51 million in 2009 to \$50.59 million for this period. Other Operating Expenses also achieved a similar decline of 56% year-to-date, moving to \$41.97 from \$95.54 million, as well as an 8% decline in Staff Costs to \$396.83 million, compared to \$433.38 million in 2009.

EARNINGS PER STOCK

There is a 25% increase in Earnings per Stock (EPS) Unit for this Quarter, moving from 16 cents last year to 20 cents for September 30, 2010. The nine-month Period has also seen a small increase to 43 cents, moving from 42 cents. 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

The Banking Group enjoys a strong liquidity position with a 73% improvement in Cash Resources at \$2.51 billion, up from \$1.45 billion in the similar period in 2009. The Banking Group continues to sustain its strong Capital Base, which as at September 30, 2010 stood at \$6.37 billion, an increase of 15% in total Stockholders' Equity over the \$5.51 billion achieved in the comparative period 2009. Total Assets as at September 30, 2010 stood at \$40.06 billion, compared to \$43.75 billion in 2009.

During the year, the CCMB Group continued its 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. Reflecting current trends in the local Banking Industry, Loans, after provision for Loan Losses, stood at \$6.46 billion for the Third Quarter 2010, an 11% reduction from the \$7.24 billion for the similar period in 2009.

OUTLOOK 2010

Despite the continued challenges of 2010, The CCMB Group remains cautiously optimistic as measures taken on the path of recovery from both the Global and Local economies take positive effect. Jamaica has passed its second test from the International Monetary Fund and its Net International Reserves remain above projections.

In keeping with the Industry, The Banking Group continues to reduce Loan Interest Rates to the benefit of its customers, it is anticipated that with the lowering of local interest rates confidence will return to the market, ultimately impacting positively on the prospect for future growth in the economy.

As we move into the Final Quarter of 2010, The CCMB Group's Management Team continues to be pro-active in taking the necessary precautionary measures by re-assessing and re-aligning its business models, along with the continued implementation and improvement of work flows and processes. These actions will serve to minimize any negative impact from the JDX and the re-valuation losses resulting from the appreciation of the Jamaican dollar against its major counterpart, the US dollar. The Banking Group also expects to continue its growth by capitalizing on other opportunities to grow Loans and other Fee-Income activities, as well as develop new value-added products and services to the benefit of its stakeholders.

The Capital & Credit Merchant Bank Group takes this opportunity to thank its valued customers, for their continued support; our Shareholders and Directors for their exemplary leadership and our team of Management and dedicated staff for their commitment.

On behalf of the Board of Directors


Ryland T. Campbell
Chairman



Curtis A. Martin
President & CEO



CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2010

	Unaudited Sep-10 \$'000	Unaudited Sep-09 \$'000	Audited Dec-09 \$'000
ASSETS			
Cash Resources	2,510,454	1,447,657	2,219,763
Investment In Securities	29,604,991	32,773,343	32,455,318
Loans (after provision for loan losses)	6,458,230	7,238,651	6,957,451
Intangible Assets	272,290	338,314	321,954
Deferred Tax Assets	246,092	472,743	511,708
Accounts receivable	564,361	792,526	637,786
Income tax recoverable	53,414	31,798	47,770
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	233,559	534,035	405,970
Property and equipment	97,677	103,747	102,143
Other asset	15,000	15,000	15,000
TOTAL ASSETS	<u>40,056,068</u>	<u>43,747,814</u>	<u>43,674,863</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	7,494,855	8,396,333	8,336,639
Securities Sold Under Repurchase Agreements	24,271,989	26,908,924	27,441,392
Loan Participation	726,431	548,716	737,098
Due To Other Financial Institutions	723,290	1,355,241	920,435
Bank overdraft	-	240,899	-
Accounts payable	105,058	121,543	117,820
Preference shares	89,363	94,188	89,660
Liabilities under acceptances, guarantees and letters of credit as per contra	233,559	534,035	405,970
	<u>33,644,545</u>	<u>38,199,879</u>	<u>38,049,014</u>
STOCKHOLDERS' EQUITY			
Share capital	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	(581,842)	(1,124,818)	(1,083,302)
Loan loss reserve	335,019	256,061	336,854
Unappropriated profits	2,874,371	2,676,029	2,595,148
Attributable to stockholders of the Bank	<u>6,368,988</u>	<u>5,514,513</u>	<u>5,590,140</u>
Non-controlling interest	42,535	33,422	35,709
	<u>6,411,523</u>	<u>5,547,935</u>	<u>5,625,849</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>40,056,068</u>	<u>43,747,814</u>	<u>43,674,863</u>

Approved for issue by the Board of Directors on October 29, 2010 and signed on its behalf by:


 Ryland T. Campbell
 Chairman


 Curtis A. Martin
 President & CEO



**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

	Unaudited 3 months Sep-10 \$'000	Unaudited 3 months Sep-09 \$'000	Unaudited 9 months Sep-10 \$'000	Unaudited 9 months Sep-09 \$'000	Audited 12 months Dec-09 \$'000
Gross Operating Revenue	1,019,014	1,585,066	3,185,655	4,681,179	6,055,766
Interest on investments	674,087	1,019,483	2,169,543	3,188,837	4,143,220
Interest on loans	249,913	335,006	796,240	1,036,943	1,358,646
Total interest income	924,000	1,354,489	2,965,783	4,225,780	5,501,866
Interest expense	572,550	1,002,966	1,973,175	3,267,702	4,231,769
Net interest income	351,450	351,523	992,608	958,078	1,270,097
Commission and fee income	21,052	16,977	58,346	57,038	73,541
Net gains/(losses) on securities trading	34,960	(22,260)	82,741	(86,381)	(87,849)
Foreign exchange trading and translation	21,671	210,529	26,051	385,181	440,387
Dividend income	14,524	23,569	39,438	52,545	60,792
Other income	2,807	3,082	13,296	50,298	70,311
Total other operating income	95,014	231,897	219,872	458,681	557,182
Share of loss of Associated company	-	(1,320)	-	(3,282)	(3,282)
Net interest income and other revenue	446,464	582,100	1,212,480	1,413,477	1,823,997
NON INTEREST EXPENSES					
Staff costs	127,973	137,906	396,835	433,382	581,007
Loan loss expense	13,524	116,868	50,588	169,510	313,524
Bank charges	10,269	11,565	29,463	28,307	39,522
Property expense	24,267	28,726	70,847	68,457	106,308
Depreciation and amortization	25,433	27,165	74,324	78,125	107,517
Information technology costs	13,018	15,268	35,289	42,813	59,593
Marketing and corporate affairs	11,269	19,564	35,679	44,430	74,470
Professional fees	14,361	18,855	43,534	47,025	62,431
Regulatory Cost	8,962	6,792	25,322	20,966	28,285
Irrecoverable General Consumption Tax	10,932	10,982	31,796	27,620	40,645
Other operating expenses	16,169	40,475	41,978	95,541	62,933
Total non-interest expense	276,177	434,166	835,655	1,056,176	1,476,235
Profit Before Taxation	170,287	147,934	376,825	357,301	347,762
Taxation	41,243	40,728	93,040	84,075	5,056
Profit After Taxation	129,044	107,206	283,785	273,226	342,706
Attributable to:					
Stockholders of the Bank	126,840	105,162	277,388	266,857	334,107
Non-controlling interest	2,204	2,044	6,397	6,369	8,599
	129,044	107,206	283,785	273,226	342,706
Earnings per stock unit (cents)					
EPS	20	16	43	42	52
Diluted EPS	20	16	43	42	52



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

	Unaudited 3 months Sep-10 \$'000	Unaudited 3 months Sep-09 \$'000	Unaudited 9 months Sep-10 \$'000	Unaudited 9 months Sep-09 \$'000	Audited 12 months Dec-09 \$'000
Net Profit	<u>129,044</u>	<u>107,206</u>	<u>283,785</u>	<u>273,226</u>	<u>342,706</u>
Other comprehensive income					
Available-for-sale financial assets					
Net gains arising on revaluation of available-for-sale financial assets during the period	1,489	293,983	670,093	379,186	258,935
Reclassification adjustments relating to available-for-sale financial assets disposed of in the period	<u>34,960</u>	<u>(22,261)</u>	<u>82,741</u>	<u>(86,381)</u>	<u>85,391</u>
	36,449	271,722	752,834	292,805	344,326
Income tax relating to components of other comprehensive income	<u>(12,150)</u>	<u>(90,574)</u>	<u>(250,945)</u>	<u>(97,602)</u>	<u>(107,550)</u>
Other comprehensive income for the period (net of tax)	<u>24,299</u>	<u>181,148</u>	<u>501,889</u>	<u>195,203</u>	<u>236,776</u>
Total comprehensive income for the period	<u>153,343</u>	<u>288,354</u>	<u>785,674</u>	<u>468,429</u>	<u>579,482</u>
Total comprehensive income attributable to:					
Stockholders of the Bank	151,345	286,266	778,848	459,526	568,292
Non-controlling interest	1,998	2,088	6,826	8,903	11,190
	<u>153,343</u>	<u>288,354</u>	<u>785,674</u>	<u>468,429</u>	<u>579,482</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Minority 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	-	-	-	-	-	266,857	266,857	6,369	273,226
Other comprehensive income for the period	-	-	-	192,669	-	-	192,669	2,534	195,203
Total comprehensive income for the period	-	-	-	192,669	-	266,857	459,526	8,903	468,429
Transfer to loan loss reserve	-	-	-	-	48,523	(48,523)	-	-	-
Balance at September 30, 2009	1,732,888	458,911	1,515,442	(1,124,818)	256,061	2,676,029	5,514,513	33,422	5,547,935
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	-	-	-	-	-	277,388	277,388	6,397	283,785
Other comprehensive income for the period	-	-	-	501,460	-	-	501,460	429	501,889
Total comprehensive income for the period	-	-	-	501,460	-	277,388	778,848	6,826	785,674
Transfer to loan loss reserve	-	-	-	-	(1,835)	1,835	-	-	-
Balance at September 30, 2010	1,732,888	493,110	1,515,442	(581,842)	335,019	2,874,371	6,368,988	42,535	6,411,523



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	Unaudited	Unaudited
	Sep-10	Sep-09
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	283,785	273,226
Interest Income	(2,965,783)	(4,225,780)
Interest expenses	1,973,175	3,267,702
Loan Loss expense /(recovery)	50,588	169,510
Depreciation	74,324	78,125
Gain on sale of Property and equipment	792	-
Taxation charge	93,040	84,075
	<u>(490,079)</u>	<u>(353,142)</u>
<i>Movement in working capital</i>		
Accounts receivable	73,798	(67,224)
Loans receivable	481,397	216,829
Accounts payable	<u>(12,763)</u>	<u>(246,643)</u>
Cash provided by/(used in) operations	52,353	(450,180)
Interest paid	(2,258,553)	(3,300,190)
Income tax paid	<u>(84,361)</u>	<u>-</u>
Net cash used in operating activities	<u>(2,290,561)</u>	<u>(3,750,370)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed on sale of property and equipment	2,538	-
Acquisition of property and equipment	(21,940)	(12,466)
Interest received	3,275,476	4,326,559
Decrease in investments	<u>3,630,267</u>	<u>2,998,939</u>
Cash provided by investing activities	<u>6,886,341</u>	<u>7,313,032</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Deposits	(789,479)	(993,611)
Securities sold under repurchase agreement	(2,949,683)	(2,813,977)
Loan participation	(6,202)	(256,438)
Due to other financial institutions	<u>(188,553)</u>	<u>570,066</u>
Cash used in financing activities	<u>(3,933,917)</u>	<u>(3,493,960)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	661,863	68,702
OPENING CASH AND CASH EQUIVALENTS	744,375	360,953
Effects of foreign exchange rate changes	<u>(29,777)</u>	<u>3,801</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>1,376,461</u>	<u>433,456</u>
Cash and bank balances	2,510,454	1,447,657
Less: Statutory cash reserves	703,893	773,302
Bank overdraft	-	240,899
Cash deposit – Investment Broker	430,100	-
	<u>1,376,461</u>	<u>433,456</u>



CONDENSED SEGMENT RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	2010		
	Banking & Related Services \$'000	Financial & Related Services \$'000	Consolidation adjustments \$'000
External Revenue	1,736,760	1,448,895	-
Inter-segments revenue	98,942	119,123	(218,065)
Total revenue	<u>1,835,702</u>	<u>1,568,018</u>	<u>(218,065)</u>
Net interest income	<u>588,760</u>	<u>403,848</u>	<u>-</u>
Operating expenses	1,685,154	1,341,741	(218,065)
Profit before tax	<u>150,548</u>	<u>226,277</u>	<u>-</u>
Taxation	14,758	78,282	-
Net profit after tax	<u>135,790</u>	<u>147,995</u>	<u>-</u>
Segment assets	<u>23,258,037</u>	<u>18,506,906</u>	<u>(1,708,875)</u>
Segment liabilities	<u>18,885,464</u>	<u>16,299,416</u>	<u>(1,540,335)</u>
	2009		
	Banking & Related Services \$'000	Financial & Related Services \$'000	Consolidation adjustments \$'000
External Revenue	2,414,082	2,267,097	-
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>
Operating expenses	2,274,258	2,361,249	(311,629)
Profit before tax	<u>286,314</u>	<u>70,987</u>	<u>-</u>
Taxation	54,400	29,675	-
Net profit after tax	<u>231,914</u>	<u>41,312</u>	<u>-</u>
Segment assets	<u>26,766,031</u>	<u>20,709,253</u>	<u>(3,727,470)</u>
Segment liabilities	<u>22,780,615</u>	<u>18,978,257</u>	<u>(3,558,993)</u>

1 GROUP IDENTIFICATION

Capital & Credit Merchant Bank Limited ("the Bank") is incorporated in Jamaica and is a 100% subsidiary of Capital & Credit Financial Group Limited (CCFG), which is also incorporated in Jamaica. The registered office of the Bank is 6 – 8 Grenada Way, Kingston 5.

The Bank became a 100% subsidiary of CCFG effective March 31, 2008 resulting from the exchange of CCFG's shares for the Bank's ordinary shares held by the non-controlling shareholders.

Effective May 15, 2008, the Bank's ordinary shares which were previously listed on both the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange were de-listed.

As part of the restructuring of the Bank's ownership, preference shares were issued to its shareholders. The preference shares were then listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange effective May 15, 2008.

The Bank's main business is that of taking deposits, granting loans and trading in foreign currencies. The Bank 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,) IFRS 5 and 8 (Revised))	Amendments arising from April 2009 Annual 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.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of preparation (Cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

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.

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.