CAPITAL & CREDIT MERCHANT BANK LIMITED FINANCIALLY FOCUSED

The Directors of Capital & Credit Merchant Bank Limited (CCMB) are pleased to present the Un-audited results for the Banking Group for the quarter ended March 31, 2011.

HIGHLIGHTS

The CCMB Group recorded $146.51 million, a 21% growth in its Profit before Tax for the quarter ending March 31, 2011, when compared to $121.01 million for the similar period of 2010. Profit after Tax Attributable to Stockholders has also increased, moving from $92.25 million for the comparative period in 2010, to $95.93 million for the Quarter under review.

A major contributor to the growth in Profit for the Merchant Banking Group was Securities Trading, which moved from $7.62 million in 2010, to $120.46 million for the First Quarter in 2011.

REVENUES

The CCMB Group continues to focus on maintaining its profitability. Total Other Operating Income has increased significantly, moving to $171.40 million for this quarter, from $51.15 million for the similar period last year. The main contributors are increases in Commission and Fee Income, which grew by 34%, up from $17.41 million in 2010, to $23.30 million for 2011 and as previously mentioned, Securities Trading Gains. This resulted in a 16% increase in Net Interest Income and Other Revenue, moving from $379.71 million in 2010, to $439.66 million for the First Quarter of 2011.

The downward trend in interest rates resulted in a decline in Total Interest Income, which is at $738.18 million for this quarter, moving from $1.09 billion for the similar period of 2010. There is also a similar decline in Interest Expense, reducing to $469.92 million, when compared to $757.45 million for the similar period of 2010. As a result of the decreases in Interest Rates and reduction in the Investment Portfolio, Net Interest Income (NII) decreased over the period, moving from $328.55 million in 2010, to $268.26 million for this quarter.

NON-INTEREST EXPENSES

Cost Containment continues to be a key initiative for the Capital & Credit Merchant Banking Group. Non-Interest Expenses is at $293.15 million for this quarter, up from the $258.69 million for the similar period last year. The major contributor was the annual salary adjustments to staff, resulting in the increase in Staff costs, from $141.90 million in 2010, to $158.76 million for this period. Loan Loss Expense also increased, moving to $1.28 million, from $0.07 million for the similar period of 2010.

EARNINGS PER STOCK

There was a 7% increase in Earnings per Stock (EPS) Unit attributable to stockholders, moving from 14 cents for the 2010 First Quarter, to 15 cents for this quarter ending March 31, 2011. The EPS Unit is based on the Net Profit after Tax and the weighted average number of 641,159,682 stock units in issue.

STATEMENT OF FINANCIAL POSITION

There was a decline in Total Assets by approximately 5%, moving from $43.16 billion in 2010 to $41.07 billion for March 31, 2011. This decrease resulted from a reduction in Investments in Securities, with simultaneous decreases in Deposits and Sale and Repurchase Agreements.

Loan Portfolio, net of Provision, now stands $6.54 billion, marginally down from the $6.79 billion for the similar period ending March 31, 2010. The Merchant Bank continues to be successful in rehabilitating/restructuring a number of large loans thereby allowing customers to pay down/reduce their facilities in an orderly/structured manner. Most of these are secured at more than twice their loan balances by real estate and other marketable assets. Although the International Financial Reporting Standards (IFRS) do not require it, the Merchant Bank increased its Loan Loss Reserves for the Quarter by $333.38 million, as per Regulatory requirements.

The Banking Group continues to sustain its strong Capital Base, which as at March 31, 2011 stood at $6.67 billion, an increase of 8% in Total Stockholders' Equity over the $6.20 billion achieved for the comparative period of 2010.

OUTLOOK 2011

Despite the continued social and economic challenges of 2011, the CCMB Group is confident that it will maintain its profitability and growth.

In keeping with the Industry, the Banking Group continues to reduce Interest Rates on Loans to the benefit of its customers. It is anticipated that with the lowering of interest rates locally, confidence will return to the Market and ultimately have a positive impact on the prospect for future growth in the economy.

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 and will continue to implement improved work flows and processes. The Banking Group will 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.

The Capital & Credit Merchant Banking Group takes this opportunity to thank its valued customers for their continued support; as well as our Shareholders, Directors, Management and staff for their continued dedication and commitment.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Unaudited Mar-11 $'000	Unaudited Mar-10 $'000	Audited Dec-10 $'000
ASSETS			
Cash Resources	2,124,349	1,580,280	1,513,433
Investment In Securities	30,831,567	33,152,822	29,780,870
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	89,365	-	-
Loans (after provision for loan losses)	6,544,621	6,790,297	6,444,061
Intangible Assets	239,181	305,399	255,736
Deferred Tax Assets	87,637	343,203	60,738
Accounts receivable	791,883	654,655	1,081,782
Income tax recoverable	21,167	77,477	52,462
Customers' liabilities under acceptances, guarantees and letters of credit as per contra	240,333	145,448	196,140
Property and equipment	85,218	95,562	90,192
Other asset	15,000	15,000	15,000
TOTAL ASSETS	**41,070,321**	**43,160,144**	**39,490,414**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	7,470,907	8,368,134	7,338,785
Securities Sold Under Repurchase Agreements	24,741,347	26,864,569	23,627,821
Loan Participation	625,271	661,659	681,621
Due To Other Financial Institutions	1,006,477	665,367	714,998
Bank overdraft	-	1,099	-
Accounts payable	230,808	163,021	195,638
Preference shares	88,473	89,910	86,778
Liabilities under acceptances, guarantees and letters of credit as per contra	240,333	145,448	196,140
	34,403,616	36,959,207	32,841,781
STOCKHOLDERS' EQUITY			
Share capital	1,732,888	1,732,888	1,732,888
Statutory reserve fund	516,541	493,110	516,541
Retained earnings reserve	1,215,442	1,515,442	1,215,442
Fair value reserve	(483,042)	(601,311)	(405,093)
Loan loss reserve	1,338,286	336,854	1,004,907
Unappropriated profits	2,300,352	2,685,265	2,539,344
Attributable to stockholders of the Bank	6,620,467	6,162,248	6,604,029
Non-controlling interest	46,238	38,689	44,604
	6,666,705	6,200,937	6,648,633
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**41,070,321**	**43,160,144**	**39,490,414**

Approved for issue by the Board of Directors on April 29, 2011 and signed on its behalf by:

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

Curtis A. Martin
President & CEO

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Unaudited 3 months Mar-11 $'000	Unaudited 3 months Mar-10 $'000	Audited 12 months Dec-10 $'000
Gross Operating Revenue	**909,583**	**1,137,157**	**4,241,080**
Interest on investments	616,905	793,818	2,826,333
Interest on loans	121,275	292,187	1,002,491
Total interest income	738,180	1,086,005	3,828,824
Interest expense	469,922	757,452	2,497,427
Net interest income	**268,258**	**328,553**	**1,331,397**
Commission and fee income	23,302	17,407	85,912
Net gains on securities trading	120,455	7,617	193,300
Foreign exchange trading and translation	9,084	6,351	61,713
Dividend income	13,499	17,080	53,036
Other income	5,063	2,697	18,295
Total other operating income	171,403	51,152	412,256
Net interest income and other revenue	**439,661**	**379,705**	**1,743,653**
NON INTEREST EXPENSES			
Staff costs	158,762	141,901	568,693
Loan loss expense	1,282	71	80,528
Bank charges	11,927	10,331	39,262
Property expense	23,637	19,697	94,932
Depreciation and amortization	25,046	24,564	99,929
Information technology costs	12,310	11,155	49,236
Marketing and corporate affairs	10,765	9,835	63,963
Professional fees	15,710	14,705	52,291
Regulatory Cost	6,810	6,623	32,827
Irrecoverable General Consumption Tax	14,115	8,110	42,341
Other operating expenses	12,786	11,701	64,430
Total non-interest expense	**293,150**	**258,693**	**1,188,432**
Profit Before Taxation	146,511	121,012	555,221
Taxation	50,582	28,765	211,162
Profit After Taxation	**95,929**	**92,247**	**344,059**
Attributable to:			
Stockholders of the Bank	**94,387**	**90,117**	**335,680**
Non-controlling interest	**1,542**	**2,130**	**8,379**
	95,929	**92,247**	**344,059**
Earnings per stock unit (cents)			
EPS	15	14	52
Diluted EPS	15	14	52

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Unaudited 3 months Mar-11 $'000	Unaudited 3 months Mar-10 $'000	Audited 12 months Dec-10 $'000
Net Profit	95,929	92,247	344,059
Other comprehensive income			
Available-for-sale financial assets			
Net gains arising on revaluation of available-for-sale financial assets during the period	3,669	731,879	1,203,148
Reclassification adjustments relating to available-for-sale financial assets disposed of in the period	(120,455)	(7,617)	(185,725)
	(116,786)	724,262	1,017,423
Income tax relating to components of other comprehensive income	38,929	(241,421)	(338,698)
Other comprehensive income for the period (net of tax)	(77,857)	482,841	678,725
Total comprehensive income for the period	**18,072**	**575,088**	**1,022,784**
Total comprehensive income attributable to:			
Stockholders of the Bank	16,438	572,108	1,013,889
Non-controlling interest	1,634	2,980	8,895
	18,072	575,088	1,022,784

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2011

	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, 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	-	-	-	-	-	90,117	90,117	2,130	92,247
Other comprehensive income for the period	-	-	-	481,991	-	-	481,991	850	482,841
Total comprehensive income for the period	-	-	-	481,991	-	90,117	572,108	2,980	575,088
Transfer to loan loss reserve	-	-	-	-	-	-	-	-	-
Balance at March 31, 2010	**1,732,888**	**493,110**	**1,515,442**	**(601,311)**	**336,854**	**2,685,265**	**6,162,248**	**38,689**	**6,200,937**
Balance at December 31, 2010	1,732,888	516,541	1,215,442	(405,093)	1,004,907	2,539,344	6,604,029	44,604	6,648,633
Net profit for the period	-	-	-	-	-	94,387	94,387	1,542	95,929
Other comprehensive income for the period	-	-	-	(77,949)	-	-	(77,949)	92	(77,857)
Total comprehensive income for the period	-	-	-	(77,949)	-	94,387	16,438	1,634	18,072
Transfer to loan loss reserve	-	-	-	-	333,379	(333,379)	-	-	-
Balance at March 31, 2011	**1,732,888**	**516,541**	**1,215,442**	**(483,042)**	**1,338,286**	**2,300,352**	**6,620,467**	**46,238**	**6,666,705**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THREE MONTHS ENDED MARCH 31, 2011

	Unaudited	Unaudited
CASH FLOW FROM OPERATING ACTIVITIES	**Mar-11**	**Mar-10**
	$'000	**$'000**
Net profit	95,929	92,247
Interest Income	(738,180)	(1,086,005)
Interest expenses	469,922	757,452
Loan loss expense less recovery	1,282	71
Depreciation	25,046	24,564
Gain on sale of property and equipment	-	792
Taxation	50,582	28,765
	(95,419)	(182,114)
Movement in working capital		
Accounts receivable	327,291	(17,310)
Loans receivable	(140,395)	164,434
Accounts payable	35,171	16,249
Cash generated by/(used in) operations	126,648	(18,741)
Interest paid	(567,415)	(896,425)
Income tax paid	(41,461)	(45,048)
Net cash used in operating activities	(482,229)	(960,213)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed on sale of property and equipment	-	2,538
Acquisition of property and equipment	(3,517)	(3,174)
Interest received	900,933	1,329,650
Decrease in investments	(1,243,937)	(5,599)
Cash (used in)/provided by investing activities	(346,521)	1,323,415
CASH FLOW FROM FINANCING ATIVITIES		
Deposits	126,669	63,072
Securities sold under repurchase agreement	1,218,333	(476,550)
Loan participation	(56,104)	(76,626)
Due to other financial institutions	291,067	(246,508)
Cash provided by/(used in) finacing activities	1,579,965	(736,612)
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	751,214	(373,411)
OPENING CASH AND CASH EQUIVALENTS	823,199	744,375
Effects of foreign exchange rate changes	(56,146)	27,591
CLOSING CASH AND CASH EQUIVALENTS	1,518,267	398,556

CONDENSED SEGMENT RESULTS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

2011

	Banking & Related Services $'000	Financial & Related Services $'000	Consolidation adjustments $'000	Group $'000
External Revenue	456,098	453,485	-	909,583
Inter-segments revenue	23,201	11,321	(34,522)	-
Total revenue	479,299	464,806	(34,522)	909,583
Net interest income	123,999	144,259	-	268,258
Operating expenses	445,969	351,625	(34,522)	763,072
Profit before tax	33,330	113,181	-	146,511
Taxation	12,267	38,315	-	50,582
Net profit after tax	21,063	74,866	-	95,929
Segment assets	24,525,444	17,839,837	(1,294,960)	41,070,321
Segment liabilities	19,868,553	15,661,353	(1,126,290)	34,403,616

2010

	Banking & Related Services $'000	Financial & Related Services $'000	Consolidation adjustments $'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	(3,198,313)	43,160,144
Segment liabilities	22,315,809	17,673,169	(3,029,771)	36,959,207

NOTES TO THE FINANCIALS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

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's preference shares are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Group comprises the Bank and its subsidiaries, Capital & Credit Securities Limited and Capital & Credit Fund Managers Limited. Both subsidiaries are incorporated and domiciled in Jamaica.

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.

		Effective for annual periods beginning on or after
IAS 1, 34,) IFRS 1, 3 and 7) (Revised))	Amendments arising from May 2010 Annual Improvements to IFRS	January 1, 2011
IAS 24 (Revised)	Related Party Disclosures – Revised definition of related parties	January 1, 2011
IAS 27 (Revised)	Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRS	July 1, 2010
IAS 32 (Revised)	Financial Instruments: Presentation - Amendments relating to classification of rights issues	February 1, 2010
IFRS 1(Revised)	First-time Adoption of International Financial Reporting Standards - Limited exemptions from comparative IFRS 7 disclosure for first-time adopters	July 1, 2010
IFRS 3 (Revised)	Business Combinations - Amendments resulting from May 2010 Annual Improvements to IFRS	July 1, 2010
IFRIC 14: IAS 19 (Revised)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - November 2009 Amendments with respect to voluntary prepaid contributions	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 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, the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2004 0f Jamaica.

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank 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 and statement of other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of bank and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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.

Changes in the Group's ownership interests in existing subsidiaries

> Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

NOTES TO THE FINANCIALS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

3 **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Basis of consolidation (Cont'd)

Changes in the Group's ownership interests in existing subsidiaries (Cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Bank had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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, with any transaction cost recognised immediately in profit or loss.

The financial assets of the Group include cash resources, investment in securities, securities purchased under resale agreements, pledged assets, investments in subsidiaries, investment in associates, loans and accounts receivable, except prepayments.

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.

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, preference shares and accounts payable, except accruals.

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.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability on initial recognition. Interest expense is recognised in profit or loss for the period.

All other accounting policies remain in effect as per our 2010 audited financial statements. For further information on these policies, please refer to our Website.