

Pan Caribbean Financial Services Limited AND ITS SUBSIDIARIES
Un-audited Financial Statements
 Three Months ended March 31, 2009



Pan Caribbean reported Net Income of \$349 Million (EPS = \$0.64) for the three-month period ended March 31, 2009, up 37% compared to \$254 Million (EPS = \$0.46) reported for the comparative period last year. Net Interest Income advanced by 18% to \$562 Million from \$478 Million, influenced primarily by balance sheet growth. Non-Interest Income increased 56% to \$259 Million from \$166 Million, due largely to improved trading gains. Fee and Commission Income declined as Asset Management fees fell marginally. Asset Management fees fell due to the downturn in the stock market as well as a withdrawal due to the winding up of a large pension scheme, which reduced assets under management.

Operating Expense increased 35% to \$354 Million compared to \$263 Million for the prior year. Personnel Costs rose 25% due to increases in staff levels, 2009 salary adjustments which were influenced by inflation and as a result of costs associated with our new commercial bank. Other Operating Expenses increased as a result of costs associated with our new commercial bank.

Total assets now stand at \$64.6 Billion compared to \$63.7 Billion at December 2008. Our interest-bearing securities portfolio rose \$2.2B during this period to \$49.6 Billion while loans and lease assets increased by 12% to \$9.4 Billion. Credit quality remained stable as non-performing loans represented 0.35% of total assets. Non-performing loans have been fully provided for.

Stockholders' Equity closed the quarter at \$7.02 Billion (\$7.08 Billion at December 2008). During the quarter, dividends amounting to \$356 Million (\$0.65 per stock unit) were paid.

During the month of March, our Sigma Corporate Run partnered with the National Health Fund and Shaggy Make a Difference Foundation, to raise \$14.258 Million for The Bustamante Hospital for Children and other pediatric wards across the island. The event was supported by approximately 10,000 participants, including corporate teams, individuals and supporters. Collectively, this great cause will contribute to make Jamaica a healthier place for our children.

Richard O. Byles
 Chairman

Donovan H. Perkins
 President & CEO

UN-AUDITED CONSOLIDATED INCOME STATEMENT
 PERIOD ENDED MARCH 31, 2009

	3 MONTHS TO MAR 2009 \$'000	3 MONTHS TO MAR 2008 \$'000
Gross Operating Revenues	<u>2,216,557</u>	<u>1,584,474</u>
Net interest income and other revenue		
Interest income from loans	251,609	196,239
Interest income from securities	1,702,897	1,220,750
Interest income from leases	<u>3,269</u>	<u>1,765</u>
Total interest income	1,957,775	1,418,754
Interest expense	<u>(1,395,373)</u>	<u>(940,262)</u>
Net interest income	562,402	478,492
Fee and commission income	62,915	72,145
Net trading income	117,021	22,277
Other operating income	<u>78,846</u>	<u>71,298</u>
	<u>821,184</u>	<u>644,212</u>
Operating expenses		
Staff costs	201,869	161,082
Provision for credit losses, net	27,256	-
Occupancy costs	20,522	15,278
Other operating expenses	<u>104,497</u>	<u>86,177</u>
	<u>354,144</u>	<u>262,537</u>
Operating profit	467,040	381,675
Share of profits of associates	-	1,318
Profit before taxation	467,040	382,993
Taxation	<u>(117,903)</u>	<u>(128,949)</u>
NET PROFIT	<u>349,137</u>	<u>254,044</u>
EARNINGS PER STOCK UNIT		
Average stock unit in issue	547,924,039	547,723,314
EPS	\$ 0.64	\$ 0.46
DILUTED EPS	\$ 0.64	\$ 0.46

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 PERIOD ENDED MARCH 31, 2009

	3 MONTHS TO MAR 2009 \$'000	3 MONTHS TO MAR 2008 \$'000
Profit for the period	349,137	254,044
Other comprehensive income for the period, net of tax:		
Unrealized losses on available-for-sale investments	(188,352)	(140,809)
Unrealized gains on cash flow hedge	20,581	-
Losses/gains reclassified and reported in profit	<u>95,694</u>	<u>(191,664)</u>
Other comprehensive income for the period	<u>(72,077)</u>	<u>(332,473)</u>
Total comprehensive income for the period	<u>277,060</u>	<u>(78,429)</u>

Note: These financial statements have been prepared in accordance with International Financial Reporting Standards

Pan Caribbean Financial Services Limited AND ITS SUBSIDIARIES
Un-audited Financial Statements | Three Months ended March 31, 2009



UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009

	UNAUDITED MAR 2009 \$000's	UNAUDITED MAR 2008 \$000's	AUDITED DEC 2008 \$000's
ASSETS			
Cash and balances due from other financial institutions	3,560,900	420,475	2,815,692
Cash reserve at Bank of Jamaica	288,384	76,789	182,062
Trading securities	41,311	1,816,435	320,364
Securities purchased under agreements to resell	4,960,242	2,520,169	3,628,964
Investment securities	44,167,732	38,744,333	43,288,686
Derivative financial instruments	405,212	-	2,957,306
Investment in associates	-	17,992	-
Loans, net of provisions for credit losses	9,367,463	6,695,623	8,371,067
Lease receivables	60,044	49,909	70,806
Due from related company	30,148	16,388	14,113
Income tax recoverable	24,019	3,476	46,743
Intangible assets	119,919	70,389	134,046
Goodwill	733,750	733,750	733,750
Property, plant and equipment	146,547	135,018	155,722
Deferred tax assets	488,329	2,777	594,354
Other assets	248,576	507,753	459,189
Total assets	64,642,576	51,811,276	63,772,864
LIABILITIES			
Securities sold under agreements to repurchase	43,211,216	35,772,234	42,040,112
Customer deposits	7,834,055	5,545,904	7,457,170
Structured products	874,022	-	1,087,540
Due to banks and other financial institutions	1,813,496	1,525,690	1,537,377
Derivative financial instruments	724,529	-	2,703,316
Redeemable Preference shares	1,271,281	1,264,348	1,271,190
Due to related company	6,427	5,179	2,567
Income tax payable	953	402	56,947
Deferred tax liabilities	539	45,966	151,021
Other liabilities	1,886,622	529,534	381,435
Total liabilities	57,623,140	44,689,257	56,688,675
STOCKHOLDERS' EQUITY			
Share capital	3,103,811	3,103,811	3,103,811
Share options reserve	51,935	44,678	49,435
Retained earnings reserve	562,365	172,000	562,365
Reserve fund	212,169	186,400	212,169
Loan loss reserve	126,063	121,733	117,295
Fair value reserves	(1,186,189)	(252,295)	(1,114,112)
Retained earnings	4,149,282	3,745,692	4,153,226
Total stockholders' equity	7,019,436	7,122,019	7,084,189
Total liabilities and equity	64,642,576	51,811,276	63,772,864

UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

PERIOD ENDED MARCH 31, 2009

	Period ended March 31, 2009							
	Share Capital \$'000	Share Options Reserve \$'000	Retained Earnings Reserve \$'000	Reserve Fund \$'000	Loan Loss Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at January 1, 2009	3,103,811	49,435	562,365	212,169	117,295	(1,114,112)	4,153,226	7,084,189
Comprehensive income for the period	-	-	-	-	-	(72,077)	349,137	277,060
Employee share option scheme-value of service provided	-	2,500	-	-	-	-	-	2,500
Dividends paid	-	-	-	-	-	-	(356,151)	(356,151)
Adjustment between regulatory loan provisioning & IFRS	-	-	-	-	8,768	-	3,070	11,838
Balance at March 31, 2009	3,103,811	51,935	562,365	212,169	126,063	(1,186,189)	4,149,282	7,019,436
Period ended March 31, 2008								
	Share Capital \$'000	Share Options Reserve \$'000	Retained Earnings Reserve \$'000	Reserve Fund \$'000	Loan Loss Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at January 1, 2009	3,098,919	42,178	172,000	156,651	103,456	80,178	3,877,548	7,530,930
Comprehensive income for the period	-	-	-	-	-	(332,473)	254,044	(78,429)
Share issued	4,892	-	-	-	-	-	-	4,892
Employee share option scheme-value of service provided	-	2,500	-	-	-	-	-	2,500
Transfers to/from reserves	-	-	-	29,749	-	-	(29,749)	-
Dividends paid	-	-	-	-	-	-	(356,151)	(356,151)
Adjustment between regulatory loan provisioning	-	-	-	-	18,277	-	-	18,277
Balance at March 31, 2008	3,103,811	44,678	172,000	186,400	121,733	(252,295)	3,745,692	7,122,019

UN-AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD ENDED MARCH 31, 2008

	3 MONTHS TO MAR 2009 \$'000	3 MONTHS TO MAR 2008 \$'000
Cash Flows from Operating Activities		
Net profit	349,137	254,044
Adjustments for:		
Interest income	(1,957,776)	(1,418,754)
Interest expense	1,395,373	940,262
Income tax charge	117,903	128,509
Fair value gains on trading securities	(34,213)	(34,756)
Share of profit of associated company	-	(879)
Provision for credit losses	27,256	-
Amortisation of intangible assets	15,678	10,686
Depreciation of property, plant and equipment	12,868	10,997
Gain on sale of property, plant and equipment	(5)	(18)
Share option expense	2,500	2,500
	(71,279)	(107,409)
Changes in operating assets and liabilities	2,445,245	(628,631)
Interest received	1,827,295	1,430,144
Interest paid	(1,364,400)	(903,698)
Taxation	(145,121)	(26,395)
Net cash provided by (used in) operating activities	2,691,740	(235,989)
Cash Flows from Investing Activities		
Net (purchase)/proceeds of investment securities	(449,676)	(78,647)
Purchase of intangible assets	(1,551)	(12,698)
Purchase of property, plant and equipment	(3,692)	(11,441)
Proceeds from disposal of property, plant and equipment	5	18
Net cash (used in)/provided by investing activities	(454,914)	(102,768)
Cash Flows from Financing Activities		
Issue of ordinary shares	-	4,892
Issue of redeemable preference shares	(6,865)	1,264,348
Proceeds from due to banks and other financial institutions – long term	929,747	(511,277)
Repayment of amounts due to banks and other financial institutions – long term	(596,408)	-
Due from related parties	(12,175)	(13,450)
Dividends paid	(356,151)	(356,151)
Net cash (used in)/ provided by financing activities	(41,852)	388,362
Effect of exchange rate changes on cash and cash equivalents	566,366	(5,428)
Net increase in cash and cash equivalents	2,761,340	44,177
Cash and cash equivalents at beginning of year	6,468,725	1,071,348
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,230,065	1,115,525
REPRESENTED BY		
Cash and balances due from other financial institutions	3,560,900	420,475
Investment securities	5,961,212	2,704,040
Short term deposits held by financial institutions	(288,722)	(1,545,708)
Due to banks and other financial institutions – short term	(3,325)	(463,282)
	9,230,065	1,115,525

Note: These financial statements have been prepared in accordance with International Financial Reporting Standards

UN-AUDITED SEGMENT REPORT

PERIOD ENDED MARCH 31, 2009

	Period ended March 31, 2009						
	Treasury Management \$'000	Corporate & Retail Credit \$'000	Asset Management \$'000	Trading \$'000	Corporate Trust \$'000	Eliminations \$'000	Group \$'000
Gross external revenues	1,776,927	264,162	42,581	121,632	11,255	-	2,216,557
Revenues/(expenses) from other segments	15,289	-	-	-	-	(15,289)	-
Total gross revenues	1,792,216	264,162	42,581	121,632	11,255	(15,289)	2,216,557
Total expenses	(1,463,290)	(253,911)	(12,695)	(25,389)	(9,521)	15,289	(1,749,517)
Profit before tax	328,926	10,251	29,886	96,243	1,734	-	467,040
Income tax expense	-	-	-	-	-	-	(117,903)
Net profit	-	-	-	-	-	-	349,137
Segment Assets	50,018,489	9,502,924	54,604	152,437	7,300	-	59,735,754
Unallocated assets	-	-	-	-	-	-	4,906,822
Total Assets	50,018,489	9,502,924	54,604	152,437	7,300	-	64,642,576
Segment liabilities	53,915,103	1,813,496	-	-	-	-	55,728,599
Unallocated liabilities	-	-	-	-	-	-	1,894,541
Total Liabilities	53,915,103	1,813,496	-	-	-	-	57,623,140
Other Segment items							
Net interest income	1,702,897	254,878	-	-	-	-	1,957,775
Capital expenditure	3,865	1,378	-	-	-	-	5,243
Depreciation	8,257	4,611	-	-	-	-	12,868
Amortisation charges	3,879	11,799	-	-	-	-	15,678
Period ended March 31, 2008							
	Treasury Management \$'000	Corporate & Retail Credit \$'000	Asset Management \$'000	Trading \$'000	Corporate Trust \$'000	Eliminations \$'000	Group \$'000
Gross external revenues	1,258,976	204,899	51,395	63,065	6,139	-	1,584,474
Revenues/(expenses) from other segments	27,947	-	-	-	-	(27,947)	-
Total gross revenues	1,286,923	204,899	51,395	63,065	6,139	(27,947)	1,584,474
Total expenses	(1,000,861)	(172,635)	(20,727)	(27,636)	(8,887)	27,947	(1,202,799)
Segment results	286,062	32,264	30,668	35,429	(2,748)	-	381,675
Share of associated company profit	1,318	-	-	-	-	-	1,318
Profit before tax	287,380	32,264	30,668	35,429	(2,748)	-	382,993
Income tax expense	-	-	-	-	-	-	(128,949)
Net profit	-	-	-	-	-	-	254,044
Segment assets	43,524,929	6,820,949	54,604	152,437	7,300	-	50,560,219
Unallocated assets	-	-	-	-	-	-	1,251,057
Total Assets	43,524,929	6,820,949	54,604	152,437	7,300	-	51,811,276
Segment liabilities	42,582,486	1,525,690	-	-	-	-	44,108,176
Unallocated liabilities	-	-	-	-	-	-	581,081
Total Liabilities	42,582,486	1,525,690	-	-	-	-	44,689,257
Other segment items							
Net interest income	1,220,750	198,004	-	-	-	-	1,418,754
Capital expenditure	14,174	9,965	-	-	-	-	24,139
Depreciation	8,306	2,691	-	-	-	-	10,997
Amortisation charges	6,881	3,805	-	-	-	-	10,686