

Trafalgar Development Bank Ltd. 1998

UNAUDITED SUMMARY OF CONSOLIDATED BALANCE SHEET

As At DECEMBER 31, 1998

	1998	1997
	\$	\$
	000's	000's
ASSETS		
CASH RESOURCES	452,645	633,751
INVESTMENTS	406,256	133,442
LOANS & LEASES,		
Less provision for losses	1,640,183	1,540,936
OTHER ASSETS	<u>327,786</u>	<u>419,030</u>
	<u>2,826,870</u>	<u>2,727,159</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CUSTOMERS' DEPOSITS	538,833	561,989
LONG TERM LOANS	1,237,117	1,222,742
OTHER LIABILITIES	482,510	380,109
STOCKHOLDERS' EQUITY	527,797	517,114
MINORITY INTEREST	<u>40,613</u>	<u>45,205</u>
	<u>2,826,870</u>	<u>2,727,159</u>

Unaudited Summary of Consolidated Profit and Loss Account

FOR THREE MONTHS TO DECEMBER 31,1998

	1998	1997
	\$	\$
	\$'000	\$'000
REVENUE		
Interest	80,326	101,598
Other	<u>5,112</u>	<u>7,680</u>
	<u>85,438</u>	<u>109,278</u>
EXPENSES		
Interest	38,462	39,304
Other	<u>38,306</u>	<u>45,915</u>
	<u>76,768</u>	<u>85,219</u>
PROFIT ON OPERATIONS	8,670	24,059
Exchange Gains	5,152	8,763
PROFIT BEFORE TAXATION	<u>13,822</u>	<u>32,822</u>
* Taxation	(948)	(99)
PROFIT AFTER TAXATION	<u>12,874</u>	<u>32,723</u>
Minority Interest In Results Of Subsidiary	(2,759)	(4,315)
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS OF HOLDING COMPANY	<u>10,115</u>	<u>28,408</u>
Earnings per stock unit - in cents	9c	25 c

*The profits of Trafalgar Development Bank are not subject to company profits tax until December 5, 2000 when its venture capital status expires. Dividends paid to stockholders are nonetheless liable to taxation, as are the profits of its subsidiary, Trafalgar Commercial Bank Limited.

TRAFALGAR DEVELOPMENT BANK LIMITED

PERFORMANCE REVIEW

TDB registered a modest performance in the first quarter of the financial year. This was not surprising as the Bank, consistent with macro-economic initiatives and its own operational policies, reduced interest cost to its clients.

While TDB reduced its interest cost to clients, the commensurate increase in the loan portfolio, to lessen the impact on profitability, has not yet been realized. This situation has been exacerbated by the impact of non-performing loans.

We are however taking steps to correct this trend. These steps include efforts to accelerate disbursement of approved projects while aggressively seeking to attract new business without compromising our ongoing efforts to improve the quality of our portfolio. In addition, we have put in train certain initiatives to significantly improve our fee-income generating capabilities.

The results of these will begin to take effect during the second quarter of this financial year. With respect to operating expenses, the Bank will continue to seek ways of containing and reducing cost which we have so far been able to keep under budget.
