

TRAFALGAR DEVELOPMENT BANK LIMITED 2001

During the second quarter, TDB completed restructuring of the Group with the divestment of Trafalgar Commercial Bank. ("TDB") and the acquisition of Pans Caribbean Merchant Bank ('PCMB'). The acquisition of PCMB was consummated via the issue of 140.6 million new TBD shares to First Life Insurance Company ('First Life'). Consequent to the issuance of new shares to First Life, TDB became a 68%-owned subsidiary of First Life.

During the quarter, TDB's application to change its financial year end from September to December was approved by the relevant authorities, synchronizing its year-end with First Life.

In December 2000, TDB's venture capital status expired and an application submitted to the Minister of Finance has been declined. Going forward, TDBs income will be subject to taxation.

Second quarter 2001 revenue and expenses reflect six months of income for TDB and three months for PCMB. Earnings per share and net profit show improvement over the prior year, notwithstanding the dilution. and. extraordinary re-structuringcharges. During the quarter, TDB incurred one-time costs of \$27.1 Million associated with redundancy and legal costs arising from its reorganization. Substantial cost savings will be derived realized from this rationalization.

TDB narrowed its losses during the quarter and operating profits improved as a result of improved collection efforts for nonperforming loans and corporate finance fee income generated. PCMB's profits were up 59% over its first quarter 2000 results with improvements led by growth in securities trading activities, portfolio growth and continuing gains from operating efficiencies.

We expect the development bank and the merchant bank to enjoy greater synergies with the operational merger being completed during the third quarter, and the benefits of this synergy will shortly begin to reflect in the Group's performance. These savings along with falling interest rates and

emerging signs of economic recovery bode for the rest of the financial year,

Richard O. Byles

Donovan H. Perkins

Chairman

Chief Executive Officer

UNAUDITED CONSOLIDATED PROFIT
AND LOSS ACCOUNT

SM MONTHS ENDED MARCH 31, 2001

	Jan 01 to Mar 01 3 mths. \$'000	Oct 00 to Mar 01 6 mths \$'000	Oct 99 to Mar 00 6 mths \$'000	Jan 00 to Mar 00 3 mths. \$'000		March 2001 \$'000	September 2000 \$'000
REVENUES					ASSETS		
Interest	71,643	158,452	163,217	77,514	Cash resources	367,779	455,457
Other	34,465	45,606	20,853	10,898	Investments	540,202	419,277
	<u>106,108</u>	<u>204,058</u>	<u>184,070</u>	<u>88,412</u>	Loans and Leases	1,305,901	1,671,335
EXPENSES					Other Assets	<u>407,615</u>	<u>479,236</u>
Interest	34,054	87,141	83,433	41,931		<u>2,621,497</u>	<u>3,025,305</u>
Other	35,832	75,273	80,819	37,754	LIABILITIES		
	<u>69,886</u>	<u>162,414</u>	<u>164,252</u>	<u>79,685</u>	Customer's Deposits	2,283,353	460,722
OPERATING PROFIT	36,222	41,644	19,818	8,727	Long Term Loans	1,321,388	1,305,319
Loss Provisions	4,655	(56,353)	(22,006)	(10,985)	Other Liabilities	355,637	684,807
Restructuring						1,905,378	2,450,848
Charges	(27,135)	(27,135)	0	0	STOCKHOLDERS' EQUITY		
Exchange Gains	<u>1,691</u>	<u>9,902</u>	<u>8,503</u>	<u>2,700</u>	Share Capital	255,661	115,047
PRE-TAX INCOME	15,433	(31,942)	6,315	442	Reserves	116,178	43,282
Taxation	0	0	0	0	Retained Earnings b/f	376,222	391,620
PROFIT AFTER TAX	15,433	31,942	6,315	442	Current year results	<u>(31,942)</u>	<u>(15,398)</u>
Minority Interest	0	0	6,603	3,567		716,119	534,551
NET PROFIT					Minority Interest	-	39,906
ATTRIBUTABLE						<u>716,119</u>	<u>574,457</u>
TO SHAREHOLDERS						<u>2,621,497</u>	<u>3,025,305</u>
OF HOLDING					STATEMENT OF CHANGES IN		
COMPANY	<u>15,433</u>	<u>(31,942)</u>	<u>12,549</u>	<u>4,009</u>	SHAREHOLDERS' EQUITY		

					SIX MONTHS ENDED MARCH 31,2001	
EARNINGS PER SHARE						
Average shares						
in issue	255,661	185,354	115,047	115,047	March	September
					2001	2000
Earnings per share	0.06	(0.17)	0.11	0.03	\$'000	\$'000
UNAUDITED SUMMARY OF						
CONSOLIDATED BALANCE SHEET						
SIX MONTHS ENDED MARCH 31, 2001						
					Equity at beginning of	
					the period	534,551
					Net profit (loss) for the period	513,618
						(32,126)
					Elimination on disposal	(16,139)
					of subsidiary	
						(5,025)
					Reserves on acquisition	-
					of subsidiary	
						114,274
					Shares issued	-
						140,614
					Increase (Decrease)	
					in Reserves	
						(36,169)
					Equity at the enrd of	37,072
					the period	-
						-
						716,119
						534,551
