

**TRAFALGAR DEVELOPMENT BANK LIMITED**

and its subsidiaries

**Unaudited Consolidated Profit and Loss Account**

9-Months to 30 September 2002

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	3-Months to September 2002 \$' 000	3-Months to September 2001 \$' 000	9-Months to September 2002 \$' 000	9-Months to September 2001 \$' 000
<b>Revenue</b>				
Interest Income	71,440	67,592	210,802	219,064
Fees, Gains & Other Income	78,752	59,046	204,209	140,882
	<u>150,192</u>	<u>126,638</u>	<u>415,011</u>	<u>359,946</u>
<b>Expenses</b>				
Interest	28,552	40,194	95,229	113,883
Administration	39,379	24,185	99,651	87,733
Loan Loss Provisions	9,750	1,414	41,250	(2,491)
	<u>77,681</u>	<u>65,793</u>	<u>236,130</u>	<u>199,125</u>
<b>Profit before Exceptional Item</b>	72,511	60,845	178,881	160,821
Restructuring Charges	-	-	-	28,704
<b>Profit before Taxation</b>	72,511	60,845	178,881	132,117
Taxation	-	(210)	-	(210)

<b>Net Profit</b>	72,511	61,055	178,881	132,327
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Number of \$1.00 Stock Units Issued ('000)	255,661	255,661	255,661	255,661
<b>Earnings per Stock Unit</b>	\$0.28	\$0.24	\$0.70	\$0.52

### Unaudited Consolidated Balance Sheet

	<b>September 2002 \$' 000</b>	<b>December 2001 \$' 000</b>
<b>ASSETS</b>		
Cash Resources	84,990	85,689
Investments	1,248,229	1,147,135
Loans and Leases	970,206	1,247,698
Other Assets	562,647	401,625
	<u>2,866,072</u>	<u>2,882,147</u>
	=====	=====
<b>LIABILITIES</b>		
Customers' Deposits	369,229	317,338
Due to financial and other institutions	1,156,754	1,355,825
Other Liabilities	362,880	395,437
	<u>1,888,863</u>	<u>2,068,600</u>
	=====	=====
<b>EQUITY</b>		

Share Capital	255,660	255,660
Reserves	195,464	186,397
Retained Earnings	<u>526,085</u>	<u>371,490</u>
	<u>977,209</u>	<u>813,547</u>
	2,866,072	2,882,147
	=====	=====

### Unaudited Consolidated Statement of Changes in Equity

	September 2002 \$' 000	September 2001 \$' 000
Equity at beginning of the period	813,547	486,290
Net profit for the period	178,881	132,327
Utilized on disposal of subsidiary	-	(37,996)
Capital Reserve on acquisition of subsidiary	-	111,397
Share capital issued	-	140,614
Additional Grants Capitalized	9,068	1,760
Dividends paid and proposed	<u>(24,287)</u>	<u>-</u>
Equity at the end of the period	<u>977,209</u>	<u>834,392</u>
	=====	=====

### Unaudited Consolidated Statement of Cash Flow

September 2002	September 2001
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	\$' 000	\$' 000
CASH RESOURCES WERE PROVIDED		
BY (USED IN):		
<b>Operating Activities</b>		
Net Profit	178,881	132,327
Items not affecting cash resources	<u>45,718</u>	<u>1,498</u>
	224,599	133,825
Changes in non-cash working capital components	<u>(16,777)</u>	886
	207,822	134,711
<b>Financing Activities</b>		
	(157,406)	203,304
<b>Investing Activities</b>		
	<u>(51,114)</u>	<u>125,399</u>
(Decrease)/increase in cash resources	(699)	463,414
Net cash balance at beginning of period	<u>85,689</u>	<u>118,515</u>
NET CASH BALANCE AT END OF PERIOD	<u>84,990</u>	<u>581,929</u>
	=====	=====
<b>Represented by:</b>		
Cash	73,420	569,333
Cash Reserve at BOJ	<u>11,570</u>	<u>12,596</u>
	84,990	581,929
	=====	=====

**Note:**

Accounting Policies

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2001.

**TRAFALGAR DEVELOPMENT BANK LTD.**

**and its subsidiaries**

For the nine month period ended September 2002, earnings improved from \$0.52 to \$0.70 per share, a 35% increase over the prior year. Revenues were up 15% with increased fees and exchange gains contributing largely to the growth. These improvements were partially offset by higher loan loss provisions. During the third quarter, an interim dividend of \$0.04 was paid and the Directors proposed the payment of a second interim dividend of \$0.055 per share.

While we expect the fourth quarter to be profitable, profits are likely to be less than in the third quarter, as interest margins shrink as a result of the upward spike in interest rates, negatively impacting the Group's merchant banking operations.

The consolidated balance sheet continues to strengthen with our equity now at \$977 million.

Richard O. Byles  
Chairman

Donovan H. Perkins  
Chief Executive Officer

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