The Royal Bank Of Trinidad And Tobago Limited

Financial Statements

31 March 1999

PRICEWATERHOUSECOOPERS

Auditors' Report

To the members of
The Royal Bank of Trinidad and Tobago Limited

We have audited the balance sheet of The Royal Bank of Trinidad and Tobago Limited as at 31 March 1999, and the profit and loss account and statement of changes in cash resources for the year then ended as set out on pages 2 to 24. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 1999 and the results of its operations and its cash flows for the year then ended in accordance with international accounting standards adopted by The Institute of Chartered Accountants of Trinidad and Tobago.

PricewaterhouseCoopers

Chartered Accountants
Port of Spain
Trinidad, West Indies
29 April 1999

The Royal Bank Of Trinidad And Tobago Limited

Balance Sheet

	Notes	31 March 1999 ($'000)	31 March 1998 ($'000)
Assets			
Cash resources	3	$1,298,128	$1,219,931
Loans and advances net of unearn int	4	2,400,542	2,260,848
Investment in subsidiary and associated companies	5	7,853	255,395
Investment securities	6	1,465,944	2,017,176
Other assets			
Customers' liability under acceptances, guarantees and letters of credit (per contra)	7	1,253,882	1,206,897
Premises and equipment	8	305,038	248,096
Receivables and prepayments	9	109,620	120,177
Deferred taxation	10	1,856	--
		1,670,396	1,575,170
Total Assets		6,842,863	7,328,520
Liabilities			
Customers' deposits	11	4,249,715	3,905,521
Other funding instruments	12	110,904	1,148,305
Due to banks		185,950	142,034
Due to affiliated companies		236,747	93,513
		4,783,316	5,289,373
Other liabilities			
Acceptances, guarantees and letters of credit (per contra)	7	1,253,882	1,206,897
Payables and accruals		97,665	95,905
Proposed dividend	13	26,537	50,126
Provision for taxation		7,756	9,734
Deferred taxation	10	--	4,389
		1,385,840	1,367,051
Total Liabilities		6,169,156	6,656,424
Net Assets		$ 673,707	$ 672,096

The Royal Bank Of Trinidad And Tobago Limited

Balance Sheet (Continued)

	Notes	31 March 1999 ($'000)	31 March 1998 ($'000)
Shareholders' Equity			
Share capital	14	$ 403,970	$ 403,970
Statutory reserve	15	116,000	105,000
Capital reserve		12,946	12,946
Retained earnings		140,791	150,180
Total Shareholders' Equity		$ 673,707	$ 672,096

The attached statements and notes set out on pages 5 to 24 form an integral part of these financial statements.

______________________ Director

______________________ Director

______________________ Director

______________________ Secretary

The Royal Bank Of Trinidad And Tobago Limited

Profit And Loss Account

	Notes	Year Ended 31 March 1999 ($'000)	1998 ($'000)	
Net Interest Income	16	$ 286,132	$ 235,803	
Other Income	17	155,212	157,643	
Total Net Income		441,344	393,446	
Operating expenses	18	342,079	280,400	
Loan loss expense	4.4	6,342	12,143	
Total Non-interest Expenses		348,421	292,543	
Profit Before Exceptional Gain On Sale Of Investment		92,923	100,903	75,540
Exceptional gain on sale of investments		--	45,365	
Profit Before Taxation	19	92,923	146,268	
Taxation	20	16,712	16,000	
Profit After Taxation		$ 76,211	$ 130,268	

Include

The attached statements and notes set out on pages 5 to 24 form an integral part of these financial statements.

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1,377

The Royal Bank of Trinidad and Tobago Limited

Statement Of Changes In Equity

	Notes	Share Capital ($'000)	Statutory Reserves ($'000)	Capital Reserve ($'000)	Retained Earnings ($'000)	Total Shareholders' Equity ($'000)
Year ended 31 March 1999						
Balance at beginning of year						
- as previously reported		$403,970	$105,000	$ 12,946	$150,180	$672,096
- effect of adopting IAS 19 (revised)		--	--	--	(29,640)	(29,640)
- as restated		403,970	105,000	12,946	120,540	642,456
Profit after taxation		--	--	--	76,211	76,211
Transfer to statutory reserve	15	--	11,000	--	(11,000)	--
Dividends	13	--	--	--	(44,960)	(44,960)
Balance at end of year		$403,970	$116,000	$ 12,946	$140,791	$673,707
Year ended 31 March 1998						
Balance at beginning of year		$403,970	$ 91,000	$ 12,946	$122,369	$630,285
Profit after taxation		--	--	--	130,268	130,268
Transfer to statutory reserve	15	--	14,000	--	(14,000)	--
Dividends	13	--	--	--	(88,457)	(88,457)
Balance at end of year		$403,970	$105,000	$ 12,946	$150,180	$672,096

The Royal Bank Of Trinidad And Tobago Limited

Statement of Changes In Cash Resources

	Note	Year Ended 31 March 1999 ($'000)	1998 ($'000)
Operating Activities			
Profit before taxation		$ 92,923	$ 146,268
Adjustments for			
Depreciation		32,502	25,387
Loss on disposal of premises and equipment		3,473	727
Gain on sale of investment		--	(45,365)
Allowance for loan losses - net movement		4,264	5,278
Effect of adopting IAS 19 (revised)		(45,600)	--
Operating Profit Before Changes In Operating Assets And Liabilities		87,562	132,295
(Increase)/decrease in operating assets			
Loans and advances		(143,958)	(116,652)
Receivables and prepayments		10,557	(22,841)
Increase/(decrease) in operating liabilities			
Customers' deposits		344,194	576,296
Other funding instruments		(1,037,401)	425,186
Payables and accruals		1,760	34,961
Corporation taxes paid		(8,975)	(21,622)
Cash (Used In)/Provided By Operating Activities		(746,261)	1,007,623
Investing Activities			
Decrease in investment in subsidiary and associated companies		247,542	72,589
Net decrease/(increase) in investment securities		551,232	(497,975)
Additions to premises and equipment		(93,382)	(64,516)
Proceeds from sale of premises and equipment		465	961
Cash Provided By/(Used In) Investing Activities		705,857	(488,941)
Financing Activities			
Increase/(decrease) in amounts due to banks		43,916	(19,613)
Increase/(decrease) in amounts due to subsidiary and associated companies		143,234	(60,021)
Dividends paid		(68,549)	(75,188)
Cash Provided By/(Used In) Financing Activities		118,601	(154,822)
Net Increase In Cash Resources	22	$ 78,197	$ 363,860

1 Incorporation And Business Activities

The Royal Bank of Trinidad and Tobago Limited (the Bank) was incorporated in the Republic of Trinidad and Tobago. As part of the corporate restructuring exercise of the group in August 1998, the Bank became a wholly owned subsidiary of RBTT Financial Holdings Limited (the Parent company) also incorporated in the Republic of Trinidad and Tobago, through a one for one exchange of stock units.

The Bank offers a complete range of banking and financial intermediary services to customers in Trinidad and Tobago.

The Bank has a 25% interest in an associated company, Infolink Services Limited, whose principal activity is the provision of automatic banking machine reciprocity.

2 Significant Accounting Policies

Basis of preparation

The financial statements are prepared in Trinidad and Tobago dollars under the historical cost convention modified to include the valuation of certain freehold and leasehold land and buildings. Reference is made to International Accounting Standards adopted by the Institute of Chartered Accountants of Trinidad and Tobago and the existence of material items covered by these Standards is disclosed.

Investment in subsidiary and associated companies

The Bank accounts for investments in subsidiary and associated companies on the cost basis.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Such balances are translated at year end exchange rates.

Investment securities

Investment securities include debt and equity securities which management intend to hold until maturity and are stated at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity. Interest earned on investment securities is reported as interest income. Dividends received are included separately in dividend income. A reduction in market value is not taken into account unless it is considered to be permanent.

2 Significant Accounting Policies (Continued)

Loans and advances and allowance for losses

Loans and advances are stated at principal outstanding net of unearned interest. The accrual of interest ceases when principal or interest is past due 90 days and collateral is inadequate to cover principal and interest or when, in the opinion of management, full collection is unlikely.

The allowance for losses is based on the annual appraisal of advances. Specific provisions are made against advances when, in the opinion of management, credit risk or economic factors make recovery doubtful. The provision which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against operating profit.

Acceptances, guarantees and letters of credit

The Bank's potential liability under acceptances, guarantees and letters of credit is reported as a liability in the balance sheet. The Bank has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as assets.

Premises and equipment

Freehold and leasehold land and buildings are stated at cost less depreciation, except for certain properties which incorporate the results of independent valuations carried out in 1983. All other fixed assets are stated at cost.

Depreciation is computed principally on the reducing balance method. Rates in effect are designed to write off the depreciable amounts of assets over their estimated useful lives. The following rates are used:

Freehold properties	-	2% to 4%
Leasehold properties and improvements	-	2% to 20%
Equipment	-	10% to 33 1/3%

Payments made under operating leases are charged to the profit and loss account in equal instalments over the period of the lease.

Cost of repairs and renewals, including those associated with modifications of existing software programmes for the year 2000, are charged to the profit and loss account when the expenditure is incurred.

2 Significant Accounting Policies (Continued)

Taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax asset relating to the carryforward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Retirement benefits

The Bank's employees are members of the Parent's group retirement plan. Following the winding up of its former pension plan in 1984 and the purchase of annuities in settlement of the liabilities of that Plan, the Parent now maintains a non-contributory retirement plan with a voluntary feature and employees are provided with a lump sum on retirement. Historically, annual funding has been based on periodic actuarial analysis with specific provision made by way of an insurance contract during the ten year period immediately preceding an employee's retirement and all liabilities in this regard have been serviced to date. In 1999, however, the local Group adopted the compulsory IAS 19 (revised), Employee Benefits, and accounted for the transitional liability arising therefrom by adjusting retained earnings as at 1 April 1998. Concurrent with this, the retirement arrangement was revised and a defined contribution structure has been implemented. The transitional liability of $29,640,000, net of the deferred tax asset of $15,960,000 was charged to retained earnings in accordance with the benchmark treatment of IAS 8.

Administered funds

The assets and liabilities under administration by the Bank have not been included in these financial statements.

Comparative information

The balance sheet and profit and loss account for 1998 are those of the pre-restructured Bank.

3 Cash Resources

	1999 ($'000)	1998 ($'000)
Cash on hand	$ 66,181	$ 42,069
Due from banks	602,603	552,382
Statutory deposit with the Central Bank	629,344	625,480
	$ 1,298,128	$ 1,219,931

Under the Financial Institutions Act, 1993, every licensee is required to maintain a deposit with the Central Bank of Trinidad and Tobago, which shall bear a ratio to the total prescribed liabilities of that institution in such from and to such extent as the Central Bank may prescribe from time to time.

At 31 March 1999, the reserve requirement was 26% of specific deposit liabilities, 5% of which can be maintained in Treasury Bills, with the balance to be held in a non-interest bearing reserve account.

4 Loans And Advances

	1999	1998
Loans and advances	$ 2,656,129	$ 2,482,225
Unearned interest	(200,911)	(162,729)
	2,455,218	2,319,496
Interest receivable	13,124	9,757
Allowance for losses ← [illegible] loan loss prov	(67,800)	(68,405)
	$ 2,400,542	$ 2,260,848

4.1 Sectoral analysis

	1999	1998
Consumer	$ 1,201,053	$ 1,079,237
Manufacturing	394,739	419,833
Distribution	177,366	185,472
Finance and insurance	156,770	137,675
Transport	82,574	85,868
Construction	104,900	87,666
Petroleum	98,139	100,311
Agricultural	31,321	30,760
Residential mortgages	42,655	37,844
Commercial mortgages	7,558	8,988
Other	359,054	308,571
	$ 2,656,129	$ 2,482,225

The Royal Bank Of Trinidad And Tobago Limited

4 Loans And Advances (Continued)

		1999 ($'000)	1998 ($'000)
4.2 Suspension of interest accrual			
Net loans and advances on which interest is not being accrued	non-prod loans	$ 56,898	$ 116,879

4.3 Allowance for loan losses

		1999 ($'000)	1998 ($'000)
Balance at beginning of year		$ 68,405	$ 70,116
Amounts directly written off		(4,869)	(6,989)
Charges against profit for the year		4,264	5,278
Balance at end of year	2835950	$ 67,800	$ 68,405

416,302
3,252

4.4 Loan loss expense

	1999 ($'000)	1998 ($'000)
Charge for the year	$ 4,264	$ 5,278
Amounts directly written off	2,736	7,123
Recoveries	(658)	(258)
	$ 6,342	$ 12,143

5 Investment In Subsidiary And Associated Companies

		1999 ($'000)	1998 ($'000)
Subsidiary companies	Resource	$ 5,000	$ 199,440
Associated companies	Panama 251 Infolink 2,602	2,853	55,955
		$ 7,853	$ 255,395

5.1 Movement in interest in subsidiary companies

		1999 ($'000)	1998 ($'000)	
At beginning of year		$ 199,440	$ 144,935	
Acquisitions	R+m	95,461	54,505	GBOC
Disposals		(289,901)	--	
At end of year		$ 5,000	$ 199,440	

As part of the corporate restructuring exercise of the group in August 1998, the Bank sold to its parent company, RBTT Financial Holdings Limited, its principal investments held in subsidiary companies at cost.

5 Investment In Subsidiary And Associated Companies (Continued)

5.2 Movement in interest in associated companies

	1999 ($'000)	1998 ($'000)
At beginning of year	$ 55,955	$ 147,975
Acquisitions	12,918	400
Disposals	(66,020)	(92,420)
At end of year	$ 2,853	$ 55,955

In August 1998, the Bank sold its shareholding interest in General Finance Corporation Limited, Bancassurance Caribbean Limited and Development Finance Limited to the parent company, RBTT Financial Holdings Limited.

6 Investment Securities

	1999	1998
Treasury bills	$ 263,484	$ 279,926
Government securities	399,608	897,866
Corporate securities	698,452	737,388
Other	104,400	101,996
	$ 1,465,944	$ 2,017,176
Investment securities pledged for the benefit of investors in other funding instruments	$ 144,320	$ 1,123,961

In pursuance of business realignment strategies, a change in the structure pertaining to other funding instruments, resulted in the transfer of certain investment securities and funding instruments associated therewith, to the category of Administered funds.

7 Customers' Liability Under Acceptances Guarantees and Letters of Credit

	1999	1998
Bankers' acceptances	$ 691,259	$ 848,557
Other customers' liability	562,623	358,340
	$ 1,253,882	$ 1,206,897

372,644,504

The Royal Bank Of Trinidad And Tobago Limited

8 Premises And Equipment

	Freehold Properties ($'000)	Leasehold Properties ($'000)	Leasehold Improvements ($'000)	Equipment ($'000)	Total ($'000)
Year ended 31 March 1999					
Opening net book value	$ 89,706	$ 6,456	$ 18,021	$133,913	$248,096
Additions	9,281	39	4,179	79,883	93,382
Disposals	--	--	--	(3,938)	(3,938)
Transfers	7,030	--	(9,080)	2,050	--
Depreciation charge	(1,635)	(107)	(1,804)	(28,956)	(32,502)
Closing net book value	$104,382	$ 6,388	$ 11,316	$182,952	$305,038
At 31 March 1999					
Cost	$123,145	$ 7,797	$ 25,587	$310,859	$467,388
Accumulated depreciation	(18,763)	(1,409)	(14,271)	(127,907)	(162,350)
Net book value	$104,382	$ 6,388	$ 11,316	$182,952	$305,038
Year ended 31 March 1998					
Opening net book value	$ 86,308	$ 6,563	$ 10,979	$106,805	$210,655
Additions	5,249	--	8,632	50,635	64,516
Disposals	(518)	--	--	(1,170)	(1,688)
Depreciation charge	(1,333)	(107)	(1,590)	(22,357)	(25,387)
Closing net book value	$ 89,706	$ 6,456	$ 18,021	$133,913	$248,096
At 31 March 1998					
Cost	$106,834	$ 7,758	$ 30,527	$247,433	$392,552
Accumulated depreciation	(17,128)	(1,302)	(12,506)	(113,520)	(144,456)
Net book value	$ 89,706	$ 6,456	$ 18,021	$133,913	$248,096

The Royal Bank Of Trinidad And Tobago Limited

Notes To The Financial Statements (Continued)
31 March 1999

9 Receivables And Prepayments

	1999 ($'000)	1998 ($'000)
Investment income receivable	$ 29,409	$ 57,612
Other	80,211	62,565
	$ 109,620	$ 120,177

10 Deferred Taxation

Deferred income tax liabilities and assets are attributable to the following items:

Deferred income tax liabilities

	1999	1998
Accelerated tax depreciation	$ 5,656	$ 3,419
Zero coupon instruments	1,985	970
	7,641	4,389
Deferred income tax assets		
Tax losses carried forward	9,497	--
Net deferred income tax asset/(liability)	$ 1,856	$ (4,389)

The movement on the deferred income tax account is as follows:

	1999	1998
At the beginning of the year		
- as previously reported	$ (4,389)	$ --
- effect of adopting IAS 19 (revised)	15,960	--
- as restated	11,571	--
Profit and loss account charge (see Note 20)	(9,715)	(4,389)
At the end of the year	$ 1,856	$ (4,389)

11 Customers' Deposits

	1999 ($'000)	1998 ($'000)
Deposit balances	$4,217,649	$3,878,766
Accrued interest	32,066	26,755
	$4,249,715	$3,905,521

Sectoral analysis

Consumers	$3,209,705	$2,927,906
Private sector	769,484	750,867
State sector	92,137	75,359
Other	146,323	124,634
	$4,217,649	$3,878,766

12 Other Funding Instruments

Other funding instruments Asset backed	$ 109,034	$1,116,738
Accrued interest	1,870	31,567
	$ 110,904	$1,148,305

Sectoral analysis

Consumers	$ 29,915	$ 37,025
Private sector	53,970	691,928
State sector	24,649	377,352
Other	500	10,433
	$ 109,034	$1,116,738

In pursuance of business realignment strategies, a change in the structure pertaining to other funding instruments, resulted in the transfer of certain investment securities and funding instruments associated therewith, to the category of Administered funds.

13 Dividends

Interim paid - 12¢ per share (1998: 26¢ per stock unit)	$ 18,423	$ 38,331
Final proposed - 18¢ per share (1998: 34¢ per stock unit)	26,537	50,126
	$ 44,960	$ 88,457

The Royal Bank Of Trinidad And Tobago Limited

Notes To The Financial Statements (Continued)
31 March 1999

14 Share Capital

	1999 ($'000)	1998 ($'000)
Authorised		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
147,428,485 ordinary shares of no par value	$ 403,970	$ 403,970

15 Statutory Reserve

The Financial Institutions Act, 1993 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution.

16 Net Interest Income

	1999	1998
Interest Income Your wkst		
Loans and advances	$ 408,801	$ 344,726
Investment securities	143,633	191,828
Due from banks	27,638	19,068
	580,072	555,622
Interest Expense		
Customers' deposits	242,311	196,427
Other funding instruments	15,392	97,242
Due to affiliated companies	29,241	16,563
Due to banks	6,996	9,587
	293,940	319,819
	$ 286,132	$ 235,803

The Royal Bank Of Trinidad And Tobago Limited

Notes To The Financial Statements (Continued)
31 March 1999

17 Other Income

per your wksheet

rounding

	1999 ($'000)	1998 ($'000)
Fee and commission income (119,408 + 7,683 + 1) =	$ 127,092	$ 103,373
Foreign exchange earnings	28,011	28,513
Sundry income (7,792 per your wkst − 7,683 royalty fee inc) = tenant rental	109	394
Dividend income from subsidiary and associated companies	--	25,363
	$ 155,212	$ 157,643

18 Operating Expenses

	1999	1998
General administrative expenses	$ 152,805	$ 133,332
Other operating expenses	189,274	147,068
	$ 342,079	$ 280,400

19 Profit Before Taxation

Profit before taxation is arrived at after charging the following

	1999	1998
Depreciation	$ 32,502	$ 25,387
Deposit insurance premium (see below)	5,292	4,784
Employees' retirement benefit expense	12,663	4,855
Directors' fees	151	100

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago stipulate that an annual premium be paid to the Deposit Insurance Fund of 0.2% of average deposit liabilities outstanding at the end of each quarter of the preceding year.

20 Taxation

	1999 ($'000)	1998 ($'000)
Current tax charge	$ --	$ 11,611
Prior year	6,997	--
Net deferred tax charge (see Note 10)	9,715	4,389
	$ 16,712	$ 16,000

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate as follows:

	1999	1998
Profit before tax	$ 92,923	$ 146,268
Prima facie tax calculated at a rate of 35%	$ 32,523	$ 51,194
Income not chargeable to tax	(24,538)	(39,733)
Expenses not deductible for tax purposes	537	574
Utilisation of tax losses/relief	--	(510)
Effect of current year tax losses	9,497	--
Temporary differences	(18,019)	86
Current income tax charge	$ --	$ 11,611

The net deferred income tax charge for the year comprises the following temporary differences:

	1999	1998
Retirement benefits	$ 15,960	$ --
Tax losses carried forward	(9,497)	--
Accelerated tax depreciation	2,237	3,419
Other temporary differences	1,015	970
	$ 9,715	$ 4,389

21 Earnings Per Share

	1999 ($'000)	1998 ($'000)

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	1999 ($'000)	1998 ($'000)
Net profit attributable to shareholders	76,211	130,268
Weighted average number of ordinary shares in issue	147,428	147,428
Earnings per share	0.52	0.88

22 Net Increase In Cash Resources

	1999 ($'000)	1998 ($'000)
At beginning of year	$ 1,219,931	$ 856,071
At end of year	1,298,128	1,219,931
	$ 78,197	$ 363,860

23 Contingent Liabilities

Legal proceedings

As at 31 March 1999 there were certain legal proceedings outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will eventuate.

Other contingent liabilities

The Bank has provided guarantees in respect of employee loans amounting to $9,521,000 (1998 - $10,104,000).

24 Credit Commitments

Sectoral analysis of commitments are as follows:

	1999 ($'000)	1998 ($'000)
Consumer	$ 1,870	$ 2,315
Manufacturing	7,993	2,100
Distribution	727	5,484
Finance and insurance	--	350
Transport	--	101
Construction	11,200	1,599
Agricultural	120	--
Residential mortgages	--	3,149
Other	7,176	6,000
	$ 29,086	$ 21,098

25 Capital And Lease Commitments

The Bank has capital commitments, principally in respect of renovations to buildings of $17.4 million (1998 - $15.3 million).

Operating lease commitments are as follows:

Premises

	1999	1998
Within one year	$ 17,581	$ 16,870
One to five years	70,322	67,480
	$ 87,903	$ 84,350

Equipment

	1999	1998
Within one year	$ 8,830	$ 8,730
One to five years	5,976	10,754
	$ 14,806	$ 19,484

26 Related Party Transactions

In the normal course of business the Bank maintains account relationships with its parent and fellow subsidiary and associated companies within the Group in accordance with established commercial practice.

27 Interest Rate Risk

Interest Sensitivity of Assets and Liabilities

The Bank is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates on its financial position and cash flows. The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at 31 March 1999					
Assets					
Cash resources	$ 528,557	$ --	$ --	$769,571	$1,298,128
Loans and advances	1,930,395	429,871	27,152	13,124	2,400,542
Investment securities	1,060,359	140,061	262,741	2,783	1,465,944
Due from affiliated companies	20,957	24,600	--	--	45,557
Other assets	--	--	--	1,678,250	1,678,250
Total Assets	3,540,268	594,532	289,893	2,463,728	6,888,421
Liabilities					
Due to banks	184,532	--	--	1,418	185,950
Customers' deposits	4,214,581	3,068	--	32,066	4,249,715
Other funding instruments	109,034	--	--	1,870	110,904
Due to affiliated companies	282,305	--	--	--	282,305
Other liabilities	--	--	--	1,385,840	1,385,840
Total Liabilities	4,790,452	3,068	--	1,421,194	6,214,714
Interest Sensitivity Gap	$(1,250,184)	$591,464	$289,893		

Operating in markets where short term core funding is the norm, the Bank employs various asset/liability techniques to manage its exposure to interest rate sensitivity gaps. Management of repricing risk is facilitated mainly through the offering of variable rate lending products. Risk management practices include the matching of funding products with financing services, monitoring directional interest rate risks, yield curves, prepayment risk and interest rate volatility risk through a robust and centralised treasury operation.

28 Currency Risk

	TT ($'000)	USD ($'000)	Other ($'000)	Total ($'000)
As at 31 March 1999				
Assets				
Cash resources	$ 828,635	$ 464,853	$ 4,640	$ 1,298,128
Loans and advances	1,996,084	404,458	--	2,400,542
Investment securities	921,849	544,095	--	1,465,944
Due from affiliated companies	45,557	--	--	45,557
Customers liabilities under acceptances, guarantees and letters of credit (per contra)	1,013,342	239,869	671	1,253,882
Premises and equipment	305,038	--	--	305,038
Other assets	105,596	13,734	--	119,330
Total Assets	5,216,101	1,667,009	5,311	6,888,421
Liabilities				
Due to bank	7,789	174,550	3,611	185,950
Customers' deposits	3,002,309	1,242,457	4,949	4,249,715
Other funding instruments	110,904	--	--	110,904
Due to affiliated companies	276,528	6,120	(343)	282,305
Acceptances, guarantees and letters of credit (per contra)	1,013,342	239,869	671	1,253,882
Other liabilities, including tax liabilities	130,049	1,523	386	131,958
Total Liabilities	4,540,921	1,664,519	9,274	6,214,714
Net Balance Sheet Position	$ 675,180	$ 2,490	$ (3,963)	$ 673,707
Credit Commitments	$ 20,657	$ 8,429	$ --	$ 29,086

Assets are primarily funded by like currency deposits thus reducing the element of cross-currency risk. Foreign currency transactions do not require the use of interest rate swaps, foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity.

29 Liquidity Risk
Maturities of Financial Assets and Liabilities

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 1999				
Assets				
Cash resources	$1,298,128	$ --	$ --	$1,298,128
Loans and advances	1,392,474	1,058,106	205,549	2,656,129
Investment securities	643,557	312,214	510,173	1,465,944
Due from affiliated companies	20,957	24,600	--	45,557
	3,355,116	1,394,920	715,722	5,465,758
Liabilities				
Customers' deposits	4,214,581	3,068	--	4,217,649
Other funding instruments	109,034	--	--	109,034
Due to banks	185,950	--	--	185,950
Due to affiliated companies	282,305	--	--	282,305
	4,791,870	3,068	--	4,794,938
Net Liquidity Gap	$(1,436,754)	$1,391,852	$ 715,722	$ 670,820
As at 31 March 1998				
Assets				
Cash resources	$1,219,931	$ --	$ --	$1,219,931
Loans and advances	1,331,130	943,597	207,498	2,482,225
Investment securities	468,869	461,557	1,086,750	2,017,176
	3,019,930	1,405,154	1,294,248	5,719,332
Liabilities				
Customers' deposits	3,874,289	4,477	--	3,878,766
Other funding instruments	1,095,496	21,242	--	1,116,738
Due to banks	142,034	--	--	142,034
Due to affiliated companies	93,513	--	--	93,513
	5,205,332	25,719	--	5,231,051
Net Liquidity Gap	$(2,185,402)	$1,379,435	$1,294,248	$ 488,281

A broad range of wholesale and retail funds are liquidity managed to ensure that funding requirements are met. The Bank's liquidity strategy relies on sufficient cash and marketable instruments such as treasury bills and government securities to meet short term requirements. Fall back techniques include access to local interbank and institutional markets, call features on selected advances, stand-by lines of credit with external parties, and the ability to close out or liquidate market positions. Daily float, liquid assets, funding concentration and diversification are all aggressively managed to ensure that the Bank has sufficient funds to meet its obligations.