The Royal Bank of Trinidad and Tobago Limited

Financial Statements

31 March 2000

Contents

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 2000, and the profit and loss account and statements of changes in equity and cash resources for the year then ended, as set out on pages 2 to 25. 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 misstatement. 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 2000 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
27 April 2000

The Royal Bank Of Trinidad And Tobago Limited

Balance Sheet

	Notes	31 March 2000 ($'000)	31 March 1999 ($'000)
Assets			
Cash resources	3	$1,309,668	$1,298,128
Loans and advances	4	2,427,816	2,400,542
Investment in subsidiary and associated companies	5	2,853	7,853
Investment securities	6	1,794,689	1,465,944
Other assets			
Customers' liability under acceptances, guarantees and letters of credit (per contra)	7	1,333,094	1,253,882
Premises and equipment	8	216,936	305,038
Receivables and prepayments	9	80,606	109,620
Deferred taxation	10	--	1,856
		1,630,636	1,670,396
Total Assets		7,165,662	6,842,863
Liabilities			
Customers' deposits	11	4,440,240	4,249,715
Other funding instruments	12	45,060	110,904
Due to banks		210,168	185,950
Due to affiliated companies		225,955	236,747
		4,921,423	4,783,316
Other liabilities			
Acceptances, guarantees and letters of credit (per contra)	7	1,333,094	1,253,882
Payables and accruals		129,142	97,665
Proposed dividend	13	32,331	26,537
Provision for taxation		15,658	7,756
Deferred taxation	10	7,188	--
		1,517,413	1,385,840
Total Liabilities		6,438,836	6,169,156
Net Assets		$ 726,826	$ 673,707

The Royal Bank Of Trinidad And Tobago Limited

Balance Sheet (Continued)

	Notes	31 March 2000 ($'000)	31 March 1999 ($'000)
Shareholders' Equity			
Share capital	14	$ 403,970	$ 403,970
Statutory reserve	15	130,000	116,000
Revaluation reserve		12,946	12,946
Retained earnings		179,910	140,791
Total Shareholders' Equity		$ 726,826	$ 673,707

The attached statements and notes set out on pages 5 to 25 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 2000 ($'000)	1999 ($'000)
Interest Income	16	$ 614,761	$ 580,072
Interest Expense	17	300,084	293,940
Net Interest Income		314,677	286,132
Other Income	18	196,574	155,212
Total Net Income		511,251	441,344
Operating expenses	19	376,201	342,079
Loan loss expense	4.4	21,954	6,342
Total Non-interest Expenses		398,155	348,421
Profit Before Taxation	20	113,096	92,923
Taxation	21	14,377	16,712
Profit After Taxation		$ 98,719	$ 76,211
Earnings Per Share	22	$ 0.67	$ 0.52

The attached statements and notes set out on pages 5 to 25 form an integral part of these financial statements.

The Royal Bank of Trinidad and Tobago Limited

Statement Of Changes In Equity

	Notes	Share Capital ($'000)	Statutory Reserves ($'000)	Revaluation Reserve ($'000)	Retained Earnings ($'000)	Total Shareholders' Equity ($'000)
Year ended 31 March 2000						
Balance at beginning of year		$403,970	$116,000	$ 12,946	$140,791	$673,707
Profit after taxation		--	--	--	98,719	98,719
Transfer to statutory reserve	15	--	14,000	--	(14,000)	--
Dividends	13	--	--	--	(45,600)	(45,600)
Balance at end of year		$403,970	$130,000	$ 12,946	$179,910	$726,826
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

The Royal Bank Of Trinidad And Tobago Limited

Statement of Changes In Cash Resources

	Note	Year Ended 31 March 2000 ($'000)	1999 ($'000)
Operating Activities			
Profit before taxation		$ 113,096	$ 92,923
Adjustments for			
Depreciation		28,783	32,502
Loss on disposal of premises and equipment		1,358	3,473
Gain on sale of investment securities		(6,720)	--
Allowance for loan losses - net movement		19,094	4,264
Effect of adopting IAS 19 (revised)		--	(45,600)
Operating Profit Before Changes In Operating Assets And Liabilities		155,611	87,562
(Increase)/decrease in operating assets			
Loans and advances		(46,368)	(143,958)
Receivables and prepayments		29,014	10,557
Increase/(decrease) in operating liabilities			
Customers' deposits		190,525	344,194
Other funding instruments		(65,845)	(1,037,401)
Due to banks		24,218	43,916
Due to affiliated companies		(10,792)	143,234
Payables and accruals		34,553	1,760
Corporation taxes paid		(506)	(8,977)
Cash Provided By/(Used In) Operating Activities		310,410	(559,113)
Investing Activities			
Proceeds from disposal of subsidiary and associated companies		5,000	247,544
Net (increase)/decrease in investment securities		(322,025)	551,232
Additions to premises and equipment		(53,287)	(93,382)
Proceeds from sale of premises and equipment		111,248	465
Cash (Used In)/Provided By Investing Activities		(259,064)	705,859
Financing Activities			
Dividends paid		(39,806)	(68,549)
Net Increase In Cash Resources	23	$ 11,540	$ 78,197

1 Incorporation And Business Activities

The Bank is incorporated in the Republic of Trinidad and Tobago. It is a wholly owned subsidiary of RBTT Financial Holdings Limited, which is also incorporated in the Republic of Trinidad and Tobago.

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.

The Bank also holds a 20% interest in the Trinidad and Tobago Trade Facilitation Company Limited, a holding company whose prime focus is to promote the trade of locally manufactured products in Panama.

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 associated companies

The Bank accounts for its investments in associated companies at cost.

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%

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.

Leases

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

2 Significant Accounting Policies (Continued)

Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

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 premises and equipment and tax losses carried forward. The deferred tax asset relating to the carryforward of unused tax losses is 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 company's employees are members of the Parent's group retirement plan. The plan is a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is funded by payments from the Company based on the recommendations of independent consultants who value the plan once every three years.

Administered funds

The assets and liabilities under administration by the Bank have not been included in these financial statements. Assets under administration as at March 31, 2000 totalled $700 million (1999 - $701 million). These funds carry the Bank's guarantee. In management's estimation no liability will arise under the guarantee.

Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3 Cash Resources

	2000 ($'000)	1999 ($'000)
Cash on hand	$ 84,861	$ 66,181
Due from banks	586,592	602,603
Statutory deposit with the Central Bank (see below)	638,215	629,344
	$ 1,309,668	$ 1,298,128

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 form and to such extent as the Central Bank may prescribe from time to time.

At 31 March 2000, 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

	2000	1999
Loans and advances	$ 2,687,802	$ 2,656,129
Unearned interest	(205,392)	(200,911)
	2,482,410	2,455,218
Interest receivable	16,138	13,124
Allowance for losses	(70,732)	(67,800)
	$ 2,427,816	$ 2,400,542

4.1 Sectoral analysis

	2000	1999
Consumer	$ 1,338,635	$ 1,201,053
Manufacturing	400,113	394,739
Distribution	154,911	154,340
Finance and insurance	61,823	158,396
Transport	119,391	82,574
Construction	115,556	104,900
Petroleum	27,717	98,139
Agricultural	25,108	31,321
Residential mortgages	64,175	42,655
Commercial mortgages	9,852	7,558
Hospitality	31,312	27,371
Other	339,209	353,083
	$ 2,687,802	$ 2,656,129

	2000 ($'000)	1999 ($'000)
4 Loans And Advances (Continued)		
4.2 Suspension of interest accrual		
Net loans and advances on which interest is not being accrued	$ 78,827	$ 56,898
4.3 Allowance for loan losses		
Balance at beginning of year	$ 67,800	$ 68,405
Amounts directly written off	(16,162)	(4,869)
Charges against profit for the year	19,094	4,264
Balance at end of year	$ 70,732	$ 67,800
4.4 Loan loss expense		
Charge for the year	$ 19,094	$ 4,264
Amounts directly written off	3,135	2,736
Recoveries	(275)	(658)
	$ 21,954	$ 6,342
5 Investment In Subsidiary And Associated Companies		
Subsidiary company	$ --	$ 5,000
Associated companies	2,853	2,853
	$ 2,853	$ 7,853
5.1 Movement in interest in subsidiary companies		
At beginning of year	$ 5,000	$ 199,440
Acquisitions	--	95,461
Disposals	(5,000)	(289,901)
At end of year	$ --	$ 5,000

During the year, the Bank sold to its parent company, RBTT Financial Holdings Limited, its shares held in the wholly owned subsidiary, RBTT Services Limited (previously Royal Bank Resource, Protection And Service Company Limited).

	2000 ($'000)	1999 ($'000)
5 Investment In Subsidiary And Associated Companies (Continued)		
5.2 Movement in interest in associated companies		
At beginning of year	$ 2,853	$ 55,955
Acquisitions	--	12,918
Disposals	--	(66,020)
At end of year	$ 2,853	$ 2,853

6 Investment Securities

	2000	1999
Treasury bills and Treasury notes	$ 528,232	$ 263,484
Government securities	525,809	399,608
Corporate securities	633,278	698,452
Other	107,370	104,400
	$ 1,794,689	$ 1,465,944
Investment securities pledged for the benefit of investors in other funding instruments	$ 74,674	$ 144,320

7 Customers' Liability Under Acceptances Guarantees and Letters of Credit

	2000	1999
Bankers' acceptances	$ 700,246	$ 691,259
Other customers' liability	632,848	562,623
	$ 1,333,094	$ 1,253,882

Sectoral analysis

	2000	1999
Personal sector	$ 33,347	$ 7,282
Private sector	979,013	929,116
State sector	217,269	195,585
Other	103,465	121,899
	$ 1,333,094	$ 1,253,882

8 Premises And Equipment

	Freehold Properties ($'000)	Leasehold Properties ($'000)	Leasehold Improvements ($'000)	Equipment ($'000)	Capital Work In Progress ($'000)	Total ($'000)
Year ended 31 March 2000						
Opening net book value	$101,640	$ 6,388	$10,783	$163,699	$ 22,528	$305,038
Additions	533	1,519	1,247	43,092	6,896	53,287
Disposals	(16,645)	--	(964)	(94,997)	--	(112,606)
Transfers	1	357	505	4,147	(5,010)	--
Depreciation charge	(1,602)	(124)	(1,924)	(25,133)	--	(28,783)
Closing net book value	$ 83,927	$ 8,140	$9,647	$ 90,808	$ 24,414	$216,936
At 31 March 2000						
Cost or revaluation	$ 99,475	$ 9,674	$25,049	$188,002	$ 24,414	$346,614
Accumulated depreciation	(15,548)	(1,534)	(15,402)	(97,194)	--	(129,678)
Net book value	$ 83,927	$ 8,140	$ 9,647	$ 90,808	$ 24,414	$216,936
At 31 March 1999						
Cost or revaluation	$120,403	$ 7,797	$25,053	$291,607	$ 22,528	$467,388
Accumulated depreciation	(18,763)	(1,409)	(14,270)	(127,908)	--	(162,350)
Net book value	$101,640	$ 6,388	$10,783	$163,699	$ 22,528	$305,038

Certain properties were professionally valued in 1983 on the basis of open market value for their existing use.

9 Receivables And Prepayments

	2000 ($'000)	1999 ($'000)
Investment income receivable	$ 35,822	$ 29,409
Taxation recoverable	6,067	2,991
Other	38,717	77,220
	$ 80,606	$ 109,620

10 Deferred Taxation

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

	2000 ($'000)	1999 ($'000)
Deferred income tax liabilities		
Accelerated tax depreciation	$ 3,168	$ 3,830
Zero coupon instruments	4,879	3,811
	8,047	7,641
Deferred income tax assets		
Tax losses carried forward	859	9,497
Net deferred income tax (liability)/asset	$ (7,188)	$ 1,856

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

	2000 ($'000)	1999 ($'000)
At the beginning of the year		
- as previously reported	$ 1,856	$ (4,389)
- effect of adopting IAS 19 (revised)	--	15,960
- as restated	1,856	11,571
Profit and loss account charge (see Note 21)	(9,044)	(9,715)
At the end of the year	$ (7,188)	$ 1,856

11 Customers' Deposits

	2000 ($'000)	1999 ($'000)
Deposit balances	$4,409,331	$4,217,649
Accrued interest	30,909	32,066
	$4,440,240	$4,249,715

Sectoral analysis

Consumers	$3,265,493	$3,209,705
Private sector	896,571	769,484
State sector	103,775	92,137
Other	143,492	146,323
	$4,409,331	$4,217,649

12 Other Funding Instruments

Other funding instruments	$ 44,360	$ 109,034
Accrued interest	700	1,870
	$ 45,060	$ 110,904

Sectoral analysis

Consumers	$ 3,140	$ 29,915
Private sector	36,220	53,970
State sector	5,000	24,649
Other	--	500
	$ 44,360	$ 109,034

13 Dividends

Interim paid - 9¢ per share (1999: 12¢)	$ 13,269	$ 18,423
Final proposed - 22¢ per share (1999: 18¢)	32,331	26,537
	$ 45,600	$ 44,960

14 Share Capital

	2000 ($'000)	1999 ($'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 Interest Income

	2000	1999
Loans and advances	$ 411,532	$ 408,801
Investment securities	176,003	143,633
Due from banks	27,226	27,638
	$ 614,761	$ 580,072

17 Interest Expense

	2000	1999
Customers' deposits	$ 255,087	$ 242,311
Other funding instruments	11,251	15,392
Due to affiliated companies	26,450	29,241
Due to banks	7,296	6,996
	$ 300,084	$ 293,940

18 Other Income

	2000 ($'000)	1999 ($'000)
Fee and commission income	$ 156,736	$ 127,092
Foreign exchange earnings	32,850	28,011
Gain on sale of investment securities	6,720	--
Sundry income	268	109
	$ 196,574	$ 155,212

19 Operating Expenses

	2000	1999
General administrative expenses	$ 178,147	$ 152,805
Other operating expenses	198,054	189,274
	$ 376,201	$ 342,079

20 Profit Before Taxation

Profit before taxation is arrived at after charging the following:

	2000	1999
Depreciation	$ 28,783	$ 32,502
Deposit insurance premium (see below)	5,843	5,292
Employees' retirement benefit expense	9,476	5,000
Operating lease rentals	32,084	26,690
Directors' fees	279	151

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.

21 Taxation

	2000 ($'000)	1999 ($'000)
Current tax charge – business levy	$ 506	$ --
Prior year	4,827	6,997
Net deferred tax charge (see Note 10)	9,044	9,715
	$ 14,377	$ 16,712

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

	2000 ($'000)	1999 ($'000)
Profit before tax	$ 113,096	$ 92,923
Prima facie tax calculated at a rate of 35%	$ 39,584	$ 32,523
Income exempt from tax	(29,769)	(25,658)
Expenses not deductible for tax purposes	1,562	2,994
Prior years' adjustments	4,827	6,997
Business levy	506	--
Other	(2,333)	(144)
	$ 14,377	$ 16,712

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

	2000 ($'000)	1999 ($'000)
Accelerated tax depreciation	$ (662)	$ 411
Zero coupon instruments	1,068	2,841
Tax losses	8,638	(9,497)
Retirement benefits	--	15,960
	$ 9,044	$ 9,715

22 Earnings Per Share

	2000 ($'000)	1999 ($'000)

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

	2000 ($'000)	1999 ($'000)
Net profit attributable to shareholders	$ 98,719	$ 76,211
Number of ordinary shares in issue	147,428	147,428
Earnings per share	$ 0.67	$ 0.52

23 Net Increase In Cash Resources

At beginning of year	$ 1,298,128	$ 1,219,931
At end of year	1,309,668	1,298,128
	$ 11,540	$ 78,197

24 Contingent Liabilities

Legal proceedings

As at 31 March 2000, 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 $9.2 million (1999 - $9.5 million).

25 Credit Commitments

Sectoral analysis of commitments are as follows:

	2000 ($'000)	1999 ($'000)
Consumer	$ 1,930	$ 1,870
Manufacturing	341	7,993
Distribution	475	727
Finance and insurance	--	--
Transport	--	--
Construction	735	11,200
Agriculture	--	120
Residential mortgages	--	--
Hospitality	4,500	--
Other	612	7,176
	$ 8,593	$ 29,086

26 Capital And Lease Commitments

The Bank has capital commitments, principally in respect of renovations to buildings of $36.1 million (1999 - $17.4 million).

Operating lease commitments are as follows:

Premises

	2000 ($'000)	1999 ($'000)
Within one year	$ 7,540	$ 17,581
One to five years	19,831	70,322
	$ 27,371	$ 87,903

Equipment

	2000 ($'000)	1999 ($'000)
Within one year	$ 1,182	$ 8,830
One to five years	1,240	5,976
	$ 2,422	$ 14,806

27 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.

28 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 2000					
Assets					
Cash resources	$ 498,860	$ -	$ --	$810,808	$1,309,668
Loans and advances	1,947,359	442,096	22,224	16,137	2,427,816
Investment securities	1,212,438	177,498	384,149	20,604	1,794,689
Other assets	--	--	--	1,633,489	1,633,489
Total Assets	3,658,657	619,594	406,373	2,481,038	7,165,662
Liabilities					
Due to banks	209,121	--	--	1,047	210,168
Customers' deposits	4,405,118	4,213	--	30,909	4,440,240
Other funding instruments	44,360	--	--	700	45,060
Due to affiliated companies	225,955	--	--	--	225,955
Other liabilities	--	--	--	1,517,413	1,517,413
Total Liabilities	4,884,554	4,213	--	1,550,069	6,438,836
Interest Sensitivity Gap	$ (1,225,897)	$615,381	$406,373		

28 **Interest Rate Risk (Continued)**

	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
Other assets	--	--	--	1,678,249	1,678,249
Total Assets	$ 3,519,311	$569,932	$289,893	$2,463,727	$6,842,863
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	236,747	--	--	--	236,747
Other liabilities	--	--	--	1,385,840	1,385,840
Total Liabilities	$ 4,744,894	3,068	--	$1,421,194	$ 6,169,156
Interest Sensitivity Gap	$(1,225,583)	$566,864	$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.

29 Currency Risk

	TT ($'000)	US ($'000)	Other ($'000)	Total ($'000)
As at 31 March 2000				
Assets				
Cash resources	$ 901,491	$ 400,119	$ 8,058	$ 1,309,668
Loans and advances	2,018,001	409,815	--	2,427,816
Investment securities	1,111,194	683,495	--	1,794,689
Customers liabilities under acceptances, guarantees and letters of credit (per contra)	1,279,919	53,175	--	1,333,094
Other assets	275,293	25,102	--	300,395
Total Assets	5,585,898	1,571,706	8,058	7,165,662
Liabilities				
Due to banks	5,971	207,008	(2,811)	210,168
Customers' deposits	3,193,106	1,242,101	5,033	4,440,240
Other funding instruments	45,060	--	--	45,060
Due to affiliated companies	168,092	60,360	(2,497)	225,955
Acceptances, guarantees and letters of credit (per contra)	1,279,919	53,175	--	1,333,094
Other liabilities	181,279	2,371	669	184,319
Total Liabilities	4,873,427	1,565,015	394	6,438,836
Net Balance Sheet Position	$ 712,471	$ 6,691	$ 7,664	$ 726,826
Credit Commitments	$ 4,293	$ 4,300	$ --	$ 8,593
As at 31 March 1999				
Total assets	$ 5,170,543	$ 1,667,009	$ 5,311	$ 6,842,863
Total liabilities	4,495,363	1,664,519	9,274	6,169,156
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.

30 Liquidity Risk

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2000				
Assets				
Cash resources	$ 1,309,668	$ --	$ --	$1,309,668
Loans and advances	1,146,718	1,057,726	223,372	2,427,816
Investment securities	807,142	362,408	625,139	1,794,689
Other assets	1,413,700	--	219,789	1,633,489
Total assets	4,677,228	1,420,134	1,068,300	7,165,662
Liabilities				
Customers' deposits	4,436,027	4,213	--	4,440,240
Other funding instruments	45,060	--	--	45,060
Due to banks	210,168	--	--	210,168
Due to affiliated companies	225,955	--	--	225,955
Other liabilities	1,517,413	--	--	1,517,413
Total liabilities	6,434,623	4,213	--	6,438,836
Net Liquidity Gap	$ (1,757,395)	$1,415,921	$1,068,300	$ 726,826
As at 31 March 1999				
Total assets	$4,569,326	$1,248,763	$1,024,774	$6,842,863
Total liabilities	6,166,088	3,068	--	6,169,156
Net Liquidity Gap	$(1,596,762)	$1,245,695	$1,024,774	$ 673,707

A broad range of wholesale and retail funds are managed to ensure that liquidity 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.

31 Fair Value of Financial Assets and Liabilities

Financial assets and liabilities, other than investment securities as detailed below, are carried at amounts which approximate their fair value at the balance sheet date. The following methods and assumptions have been used to estimate their fair value.

Assets

Cash resources

Since these assets are short-term in nature, the values are taken as indicative of realisable value.

Loans and advances

These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

Investment securities

As provided in Note 2, securities which management intends to hold until maturity are carried at cost as adjusted for the amortisation of premiums or discounts on purchases over the period to maturity. A reduction in market value is not taken into account unless it is considered to be permanent.

Liabilities

Due to banks and customers' deposits

The fair values of items with no stated maturity are assumed to be equal to their carrying value. Deposits with fixed rate characteristics are at rates which are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

Other borrowed funds

These items are carried at amounts which reflect contractual obligations and bear terms and conditions similar to current rates offered to the Bank for debt of the same remaining maturities.