

RBTT Bank (SKN) Limited

Financial Statements

31 December 2003

RBTT Bank (SKN) Limited

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Auditors' Report

To the members of
RBTT Bank (SKN) Limited

We have audited the balance sheet of RBTT Bank (SKN) Limited as at 31 December 2003, the profit and loss account, statement of changes in equity and statement of changes in cash resources for the year then ended, as set out on pages 2 to 20. 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 December 2003 and the results of its operations and its changes in cash resources for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
Port of Spain
Trinidad, West Indies
30 January 2004

RBTT Bank (SKN) Limited

Balance Sheet

(Expressed in Eastern Caribbean dollars)

	Notes	31 December	
		2003	2002
		\$	\$
Assets			
Cash resources	3	11,213,896	12,766,922
Loans and advances	4	36,034,836	36,303,731
Originated securities	5	5,202,708	6,040,064
Investment securities	6	6,816,290	4,909,200
Premises and equipment	7	3,122,405	3,285,792
Miscellaneous assets		<u>486,335</u>	<u>522,424</u>
Total Assets		<u>62,876,470</u>	<u>63,828,133</u>
Liabilities			
Due to other banks		3,413,811	3,179,757
Customers' deposits	8	46,376,723	49,362,590
Due to affiliated company		135,610	--
Miscellaneous liabilities		<u>695,532</u>	<u>572,835</u>
Total Liabilities		<u>50,621,676</u>	<u>53,115,182</u>
Shareholders' Equity			
Share capital	9	5,001,217	5,001,217
Share premium		1,941,734	1,941,734
Statutory reserve	10	1,433,685	1,190,494
Other reserves	11	1,784,085	1,458,195
Retained earnings		<u>2,094,073</u>	<u>1,121,311</u>
Total Shareholders' Equity		<u>12,254,794</u>	<u>10,712,951</u>
Total Equity And Liabilities		<u>62,876,470</u>	<u>63,828,133</u>

The attached notes set out on pages 6 to 20 form an integral part of these financial statements.

On 30 January 2004, the Board of Directors of RBTT Bank (SKN) Limited authorised these financial statements for issue.

Director

Director

RBTT Bank (SKN) Limited

Profit And Loss Account

(Expressed in Eastern Caribbean dollars)

		Year Ended 31 December	
	Notes	2003 \$	2002 \$
Interest income	12	4,965,099	5,081,308
Interest expense	13	<u>1,695,073</u>	<u>2,081,892</u>
Net Interest Income		3,270,026	2,999,416
Other income	14	<u>496,491</u>	<u>603,911</u>
Total Net Income		<u>3,766,517</u>	<u>3,603,327</u>
Loan loss expense	4.3	423,077	82,497
General administrative expenses		824,832	1,029,724
Other operating expenses		<u>1,302,655</u>	<u>1,128,529</u>
Total Non-Interest Expenses		<u>2,550,564</u>	<u>2,240,750</u>
Net Profit For The Year	15	<u>1,215,953</u>	<u>1,362,577</u>

The attached notes set out on pages 6 to 20 form an integral part of these financial statements.

RBTT Bank (SKN) Limited

Statement Of Changes In Equity

(Expressed in Eastern Caribbean dollars)

	Share Capital \$	Share Premium \$	Statutory Reserve \$	Other Reserves \$	Retained Earnings \$	Total Shareholders' Equity \$
Year ended 31 December 2003						
Balance at 1 January 2003	5,001,217	1,941,734	1,190,494	1,458,195	1,121,311	10,712,951
Net profit for the year	--	--	--	--	1,215,953	1,215,953
Transfer to statutory reserve	--	--	243,191	--	(243,191)	--
Fair value gains arising during the year	--	--	--	325,890	--	325,890
Balance at 31 December 2003	<u>5,001,217</u>	<u>1,941,734</u>	<u>1,433,685</u>	<u>1,784,085</u>	<u>2,094,073</u>	<u>12,254,794</u>
Year ended 31 December 2002						
Balance at 1 January 2002	5,001,217	1,941,734	917,979	1,458,195	31,249	9,350,374
Net profit for the year	--	--	--	--	1,362,577	1,362,577
Transfer to statutory reserve	--	--	272,515	--	(272,515)	--
Balance at 31 December 2002	<u>5,001,217</u>	<u>1,941,734</u>	<u>1,190,494</u>	<u>1,458,195</u>	<u>1,121,311</u>	<u>10,712,951</u>

The attached notes set out on pages 6 to 20 form an integral part of these financial statements.

RBTT Bank (SKN) Limited

Statement Of Changes In Cash Resources

(Expressed in Eastern Caribbean dollars)

	Year Ended 31 December	
	2003	2002
	\$	\$
Operating Activities		
Profit before taxation	1,215,953	1,362,577
Adjustments for		
Allowance for loan losses	370,100	95,400
Capitalised interest on investments and originated securities	(663,038)	(1,304,015)
Depreciation	190,781	164,874
Provision for pension contributions	72,556	72,000
Loss on disposal of equipment	<u>--</u>	<u>10,996</u>
Operating Profit Before Changes In Operating Assets And Liabilities	1,186,352	401,832
(Increase)/decrease in operating assets		
Loans and advances	(117,709)	(2,337,401)
Interest receivable on loans and advances	16,504	(26,567)
Originated securities	1,358,033	667,516
Miscellaneous assets	36,089	(176,018)
Increase/(decrease) in operating liabilities		
Due to other banks	234,054	1,296,371
Customers' deposits	(2,946,289)	3,418,794
Interest payable on customers' deposits	(39,578)	(14,187)
Due to affiliated company	135,610	--
Miscellaneous liabilities	<u>50,141</u>	<u>53,854</u>
Cash (Used In)/Provided By Operating Activities	<u>(86,793)</u>	<u>3,284,194</u>
Investing Activities		
Proceeds from sale of equipment	7,740	--
Purchase of investments	(1,438,839)	(3,573,889)
Additions to premises and equipment	<u>(35,134)</u>	<u>(89,215)</u>
Cash Used In Investing Activities	<u>(1,466,233)</u>	<u>(3,663,104)</u>
Net Decrease In Cash Resources	(1,553,026)	(378,910)
Cash Resources At Beginning Of Year	<u>12,766,922</u>	<u>13,145,832</u>
Cash Resources At End Of Year	<u>11,213,896</u>	<u>12,766,922</u>

The attached notes set out on pages 6 to 20 form an integral part of these financial statements.

RBTT Bank (SKN) Limited

Notes To The Financial Statements

31 December 2003

(Expressed in Eastern Caribbean dollars)

1 Incorporation And Business Activities

The Bank is incorporated in St Christopher and Nevis. Its principal activities are commercial and retail banking operations conducted from a sole branch situated in Charlestown, Nevis.

The Bank is a 95% subsidiary of RBTT Bank Caribbean Limited, a company incorporated in St. Vincent and the Grenadines, with the ultimate parent company being RBTT Financial Holdings Limited which is incorporated in Trinidad and Tobago.

The Bank is regulated under the St Christopher and Nevis Banking Act No. 6 of 1991 (the Banking Act).

2 Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a Basis of preparation

These financial statements are prepared in Eastern Caribbean dollars and in accordance with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention modified to include the revaluation of available-for-sale investment securities and of freehold land and building.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b Foreign currency transactions

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.

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

2 Accounting Policies (Continued)

c Loans and advances and allowance for losses

Loans and advances are stated at principal outstanding net of any unearned interest and of an allowance for credit losses.

A loan is classified as impaired when there is objective evidence that the Bank will not be able to collect all amounts due, according to the original contracted terms of the loans.

The amount of the allowance for impairment is the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate on loans.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the profit and loss account. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

d Originated securities

Securities originated by the Bank, by providing money directly to the borrower or to a sub-participation agent at draw down, other than those originated with the intent of being sold immediately or in the short term are categorized as securities originated by the Bank and carried at amortised cost.

e Investment securities

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at cost (which includes transaction costs). Available-for-sale financial assets are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Fair values for unquoted equity instruments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of, the related accumulated fair value adjustments are included in the profit and loss account as gains and losses on investment securities. When securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the profit and loss account as impairment expense on investment securities.

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

2 Accounting Policies (Continued)

e Investment securities (Continued)

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount of an investment measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared.

All purchases and sales of investment securities are recognised at settlement date.

f Premises and equipment

Freehold buildings are stated at valuation conducted in 1990 with subsequent additions at cost less accumulated depreciation. All other fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated based on the following methods and rates:

	Method	Rates
Freehold buildings	Straight line	2%
Furniture and equipment	Reducing balance	20%
Computer equipment	Reducing balance	33 $\frac{1}{3}$ %
Motor vehicles	Straight line	25%

Gains and losses on disposal of premises and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and maintenance costs are charged to the profit and loss account when the expenditure is incurred.

g Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investments, loans and advances and accrued discount and premium on treasury bills and other discounted instruments.

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

2 Accounting Policies (Continued)

h Taxation

Deferred tax is provided, where material, using the liability method, for 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 tax (see note 16).

Deferred tax assets relating to the carryforward of unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

i Pensions

The Bank provides for employees' retirement benefits through a defined contribution plan that provides an employee with a lumpsum on retirement. Contributions to the plan are charged to the profit and loss account in the year to which they relate.

j Cash resources

Cash resources comprise cash and balances with central banks, amounts due from other banks and affiliated companies and cheques and other items in transit.

k Comparatives

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current year.

3 Cash Resources

	2003	2002
	\$	\$
Cash on hand	554,071	722,172
Deposits with affiliated companies	4,829,751	6,521,734
Due from other banks	2,852,652	2,501,377
Statutory deposit with the Eastern Caribbean Central Bank	2,725,781	2,916,000
Cheques and other items in transit (net)	<u>251,641</u>	<u>105,639</u>
	<u>11,213,896</u>	<u>12,766,922</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

4	Loans And Advances	2003	2002
		\$	\$
	Performing loans and advances	33,809,424	33,936,548
	Non-performing loans and advances	<u>4,996,370</u>	<u>4,954,284</u>
		38,805,794	38,890,832
	Unearned interest	<u>(892,153)</u>	<u>(1,094,900)</u>
		37,913,641	37,795,932
	Interest receivable	190,795	207,299
	Allowance for losses	<u>(2,069,600)</u>	<u>(1,699,500)</u>
		<u>36,034,836</u>	<u>36,303,731</u>
	4.1 Sectoral analysis		
	Residential mortgages	16,587,689	16,061,901
	Distribution	9,800,909	10,019,886
	Consumer	4,626,686	5,093,037
	Professional and other services	3,397,722	3,319,689
	Government/administration	1,108,742	2,040,184
	Tourism	894,748	908,926
	Transport	1,781,073	561,338
	Mining and quarrying	331,269	553,550
	Entertainment and catering	133,113	175,466
	Manufacturing	143,136	137,305
	Fisheries	--	5,808
	Utilities	<u>707</u>	<u>13,742</u>
		<u>38,805,794</u>	<u>38,890,832</u>
	4.2 Allowance for losses		
	Balance at beginning of year	1,699,500	1,604,100
	Charge for the year	<u>370,100</u>	<u>95,400</u>
	Balance at end of year	<u>2,069,600</u>	<u>1,699,500</u>
	4.3 Loan loss expense		
	Charge for the year	370,100	95,400
	Amounts directly written off	53,136	6,158
	Recoveries	<u>(159)</u>	<u>(19,061)</u>
		<u>423,077</u>	<u>82,497</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

4	Loans And Advances (Continued)	2003	2002
		\$	\$
4.4	Sectoral analysis of loan commitments		
	Residential mortgages	80,529	144,552
	Distribution	300,267	131,825
	Consumer	20,938	64,345
	Other	<u>399,239</u>	<u>345,476</u>
		<u>800,973</u>	<u>686,198</u>
5	Originated Securities		
	Government securities	<u>5,202,708</u>	<u>6,040,064</u>
6	Investment Securities		
	<u>Securities held-to-maturity (at amortised cost)</u>		
	Government and state-owned enterprises	1,000,000	3,708,400
	Corporate securities	<u>230,847</u>	<u>230,847</u>
		<u>1,230,847</u>	<u>3,939,247</u>
	<u>Securities available-for-sale (at fair value)</u>		
	Government and state-owned enterprises	5,487,243	871,753
	Equity securities	<u>98,200</u>	<u>98,200</u>
		<u>5,585,443</u>	<u>969,953</u>
		<u>6,816,290</u>	<u>4,909,200</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

7 Premises And Equipment

	Freehold Land \$	Freehold Building \$	Furniture and Equipment \$	Computer Equipment \$	Motor Vehicle \$	Capital Work in Progress \$	Total \$
Year ended 31 December 2003							
Opening net book value	157,000	2,712,231	122,696	289,083	--	4,782	3,285,792
Additions	--	--	4,500	21,748	--	8,886	35,134
Transfers	--	--	245	4,537	--	(4,782)	--
Disposals	--	--	--	(7,740)	--	--	(7,740)
Depreciation charge	--	(66,182)	(24,797)	(99,802)	--	--	(190,781)
Closing net book value	<u>157,000</u>	<u>2,646,049</u>	<u>102,644</u>	<u>207,826</u>	<u>--</u>	<u>8,886</u>	<u>3,122,405</u>
At 31 December 2003							
Cost/Revaluation	157,000	3,309,114	249,995	911,558	95,000	8,886	4,731,553
Accumulated depreciation	<u>--</u>	<u>(663,065)</u>	<u>(147,351)</u>	<u>(703,732)</u>	<u>(95,000)</u>	<u>--</u>	<u>(1,609,148)</u>
Net book value	<u>157,000</u>	<u>2,646,049</u>	<u>102,644</u>	<u>207,826</u>	<u>--</u>	<u>8,886</u>	<u>3,122,405</u>
At 31 December 2002							
Cost/Revaluation	157,000	3,309,114	245,250	893,739	95,000	4,782	4,704,885
Accumulated depreciation	<u>--</u>	<u>(596,883)</u>	<u>(122,554)</u>	<u>(604,656)</u>	<u>(95,000)</u>	<u>--</u>	<u>(1,419,093)</u>
Net book value	<u>157,000</u>	<u>2,712,231</u>	<u>122,696</u>	<u>289,083</u>	<u>--</u>	<u>4,782</u>	<u>3,285,792</u>

In 1990, the Bank's freehold land and building were revalued by independent surveyors. The revaluation was done on the basis of replacement cost and resulted in a surplus of \$1,458,195 being transferred to a revaluation reserve (see note 11).

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

8	Customers' Deposits	2003	2002
		\$	\$
	Deposit balances	46,207,271	49,153,560
	Accrued interest	<u>169,452</u>	<u>209,030</u>
		<u>46,376,723</u>	<u>49,362,590</u>
	Sectoral analysis of customers' deposits		
	Consumers	41,452,462	44,392,628
	Private sector	3,291,188	2,979,217
	State sector	<u>1,463,621</u>	<u>1,781,715</u>
		<u>46,207,271</u>	<u>49,153,560</u>
9	Share Capital		
	Authorised		
	An unlimited number of ordinary shares of no par value		
	Issued and fully paid		
	5,001,217 ordinary shares of no par value	<u>5,001,217</u>	<u>5,001,217</u>
10	Statutory Reserve		
	Under the St. Christopher and Nevis Banking Act No. 6 of 1991, the Bank is required to transfer at least 20% of the net profit after deductions of taxes in each year to a statutory reserve account until the reserve is equal to the paid up capital of the Bank.		
11	Other Reserves		
	Property revaluation surplus	1,458,195	1,458,195
	Investment revaluation reserve	<u>325,890</u>	<u>--</u>
		<u>1,784,085</u>	<u>1,458,195</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

12	Interest Income	2003	2002
		\$	\$
	Deposits with related companies	437,079	323,062
	Loans and advances	3,809,485	4,080,750
	Investment securities	<u>718,535</u>	<u>677,496</u>
		<u>4,965,099</u>	<u>5,081,308</u>
13	Interest Expense		
	Customers' deposits	1,534,286	1,957,023
	Due to other banks	<u>160,787</u>	<u>124,869</u>
		<u>1,695,073</u>	<u>2,081,892</u>
14	Other Income		
	Fee and commission income	304,196	383,006
	Foreign exchange earnings	180,644	208,208
	Dividend income	4,820	4,820
	Rental of car park	<u>6,831</u>	<u>7,877</u>
		<u>496,491</u>	<u>603,911</u>
15	Net Profit For The Year		
	Net profit for the year is arrived at after charging the following:		
	Depreciation	190,781	164,874
	Retirement benefit expense	106,588	109,764
	Directors' fees	13,500	15,000
	Auditors' remuneration	<u>30,321</u>	<u>29,548</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

16 Taxation

At 31 December 2003 there were tax losses amounting to \$4,891,091 (2002 - \$3,995,818) available for utilisation against future profits. The losses have not yet been agreed by the tax authorities. The losses are due to expire as follows:

2004	-	543,617
2005	-	1,328,816
2006	-	896,833
2007	-	821,518
2008	-	1,300,307

The benefit of these tax losses has not been recognised in these financial statements due to the uncertainty of their recoverability.

17 Related Party Balances

A number of banking transactions are entered into with related parties in the normal course of business. These include loans and deposits. These transactions were carried out on commercial terms and conditions and at market rates.

18 Contingent Liabilities

- (i) As at 31 December 2003 there was a legal proceeding outstanding against the Bank. No provision has been made as professional advice indicates that it is unlikely that any significant loss will eventuate.
- (ii) The Bank has received assessments from the Inland Revenue Department totalling \$859,672 for years of income 1997, 1998, 1999 and 2001. However, the Bank has objected to these assessments by way of letters dated 16 December 1999 and 2 September 2002. No provision has been made as professional advice indicates that the matter will be resolved in the Bank's favour.

19 Pensions

By deed of adherence dated 28 May 2003, the employees of the Bank became members of its parent company (RBTT Caribbean Limited) pension fund plan. The liability in respect of employees' service costs for this year of \$72,556 (2002 - \$72,000) has been charged to the profit and loss account.

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

20 Interest Rate Risk

Interest sensitivity of assets and liabilities

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. 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.

As at 31 December 2003	Up to One year (\$'000)	One to five years (\$'000)	Over five years (\$'000)	Non- interest bearing (\$'000)	Total (\$'000)
Assets					
Cash resources	4,708	--	--	6,506	11,214
Loans and advances	7,338	18,469	5,231	4,996	36,034
Originated securities	1,207	3,996	--	--	5,203
Investment securities	1,231	5,487	--	98	6,816
Other assets	--	--	--	3,609	3,609
Total assets	14,484	27,952	5,231	15,209	62,876
Liabilities					
Customers' deposits	42,157	1,289	--	2,931	46,377
Other liabilities	3,414	--	--	831	4,245
Total liabilities	45,571	1,289	--	3,762	50,622
Interest Sensitivity Gap	(31,087)	26,663	5,231		
As at 31 December 2002					
Assets					
Cash resources	6,421	--	--	6,346	12,767
Loans and advances	8,847	18,121	4,382	4,954	36,304
Originated securities	1,358	4,682	--	--	6,040
Investment securities	231	4,580	--	98	4,909
Other assets	--	--	--	3,808	3,808
Total assets	16,857	27,383	4,382	15,206	63,828
Liabilities					
Customers' deposits	45,443	--	--	3,920	49,363
Other liabilities	3,180	--	--	572	3,752
Total liabilities	48,623	--	--	4,492	53,115
Interest Sensitivity Gap	(31,766)	27,383	4,382		

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

21 Currency Risk

The Bank has no significant foreign exchange exposure since assets are funded by liabilities in the same currency. Foreign currency transactions have not required the use of any derivative instruments.

Concentrations of assets and liabilities

The Bank had the following significant currency positions:

As at 31 December 2003	EC (\$'000)	USD (\$'000)	Other (\$'000)	Total (\$'000)
Assets				
Cash resources	5,345	5,552	317	11,214
Loans and advances	34,716	1,318	--	36,034
Originated securities	--	5,203	--	5,203
Investment securities	1,329	5,487	--	6,816
Other assets	3,609	--	--	3,609
Total assets	44,999	17,560	317	62,876
Liabilities				
Customers' deposits	40,332	6,045	--	46,377
Other liabilities	4,245	--	--	4,245
Total liabilities	44,577	6,045	--	50,622
Net balance sheet position	422	11,515	317	12,254
Credit commitments	801	--	--	801
As at 31 December 2002				
Total assets	49,462	14,204	162	63,828
Total liabilities	48,292	4,823	--	53,115
Net balance sheet position	1,170	9,381	162	10,713
Credit commitments	686	--	--	686

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

22 Liquidity Risk

	Up to 1 year (\$'000)	1-5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
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Maturities of assets and liabilities

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

As at 31 December 2003

Assets

Cash resources	11,214	--	--	11,214
Loans and advances	2,755	10,183	23,096	36,034
Originated securities	1,207	3,996	--	5,203
Investments	1,231	5,487	98	6,816
Other assets	487	--	3,122	3,609
Total assets	<u>16,894</u>	<u>19,666</u>	<u>26,316</u>	<u>62,876</u>

Liabilities

Customers deposits	45,088	1,289	--	46,377
Other liabilities	4,245	--	--	4,245
Total liabilities	<u>49,333</u>	<u>1,289</u>	<u>--</u>	<u>50,622</u>
Net liquidity gap	<u>(32,439)</u>	<u>18,377</u>	<u>26,316</u>	<u>12,254</u>

As at 31 December 2002

Assets

Cash resources	12,767	--	--	12,767
Loans and advances	4,120	9,355	22,829	36,304
Originated securities	1,358	4,682	--	6,040
Investments	231	4,580	98	4,909
Other assets	522	--	3,286	3,808
Total assets	<u>18,998</u>	<u>18,617</u>	<u>26,213</u>	<u>63,828</u>

Liabilities

Customers deposits	49,363	--	--	49,363
Other liabilities	3,752	--	--	3,752
Total liabilities	<u>53,115</u>	<u>--</u>	<u>--</u>	<u>53,115</u>
Net liquidity gap	<u>(34,117)</u>	<u>18,617</u>	<u>26,213</u>	<u>10,713</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

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(Expressed in Eastern Caribbean dollars)

22 Liquidity Risk (Continued)

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and other calls on cash settled items. A broad range of funds is 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 prudently managed to ensure that the Bank has sufficient funds to meet its obligations.

23 Fair Value Of Financial Assets And Liabilities

Financial assets and liabilities not carried at fair value include cash resources, loans and advances, originated securities, investment securities held to maturity, due to other banks and customers' deposits. The following comments are relevant to their fair value.

Assets

Cash resources

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

Loans and advances

Loans and advances are net of specific provision for losses. 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 statements amounts.

Originated securities

Fair value for originated securities is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit characteristics or discounted cash flow models.

	Carrying Value	Fair Value
	\$	\$
Balance at 31 December 2003	<u>5,202,708</u>	<u>5,669,417</u>

RBTT Bank (SKN) Limited

Notes To The Financial Statements (Continued)

31 December 2003

(Expressed in Eastern Caribbean dollars)

23 Fair Value Of Financial Assets And Liabilities (Continued)

Investment securities held to maturity

Fair value for investment securities is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit characteristics or discounted cash flow models.

	Carrying Value	Fair Value
	\$	\$
Balance at 31 December 2003	<u>1,230,847</u>	<u>1,230,847</u>

Liabilities

Due to banks and customers' deposits

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.