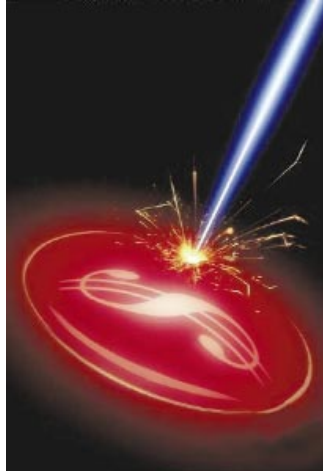




FUTURE BANKING



ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD.
AND ITS SUBSIDIARIES
ANNUAL REPORT & ACCOUNTS 2001



Future Banking

The face of banking worldwide has been changing at an unprecedented pace. Customers can now access their accounts without taking a trip to the bank by simply staying in the comfort of their homes or offices and using their telephones or the miracle of the Internet.

At the St. Kitts-Nevis-Anguilla National Bank, we too are keeping pace with global changes – Changes, which are brought about not of themselves, but by the growing needs of our valued customers, and the necessity to remain competitive in a very demanding marketplace.

The challenges of modernising our products and services have been significant but a combination of the willingness of the directorate of the Bank and the dedication, hard work and innovation of our valued Staff are making this service delivery a reality.

We know that the future of banking as offered by our Bank serves to give our customers – and indeed the nation as a whole – the confidence and platform to be a real part of the global economy and to transact business in a manner that is beneficial and hassle free.



St. Kitts-Nevis-Anguilla
National Bank Ltd.

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Vision

To be recognised internationally as a premier financial institution through advanced technology, strategic alliances and superior products and services.

Mission

To be an efficient, profitable, and growth-oriented financial institution, promoting social and economic development in the national and regional community by providing high quality financial services and products at competitive prices.



St. Kitts-Nevis-Anguilla National Bank Ltd.

Policy Statement

To mobilise domestic and foreign financial resources and allocate them to efficient productive uses to gain the highest levels of economic development and social benefits.

To promote and encourage the development of entrepreneurship for the profitable employment of available resources.

To exercise sound judgement, due diligence, professional expertise and moral excellence in managing our corporate business and advising our customers and clients.

To maintain the highest standard of confidentiality, integrity, fairness and goodwill in all dealings with customers, clients and the general public.

To create a harmonious and stimulating work environment in which our employees can experience career fulfilment, job satisfaction and personal accomplishment; to provide job security; to pay fair and adequate compensation based on performance, and to recognise and reward individual achievements.

To promote initiative, dynamism and a keen sense of responsibility in our Managers; to hold them accountable personally for achieving assigned performance targets and to require of them sustained loyalty and integrity.

To provide our shareholders with a satisfactory return on their capital and thus preserve and increase the value of their investment.

To be an exemplary corporate citizen providing managerial, organisational and ethical leadership to the business community.

The Policies set out above inform and inspire our customer relationships, staff interaction and public communication; guide our corporate decision making process; influence the manner in which we perform our daily tasks; and direct our recruitment, organisational, operational and development policies, plans and programmes.

Our Directors, Management and Staff are unreservedly committed to the observance of the duties and responsibilities stated above for the fulfilment of our Mission.

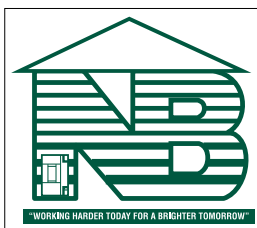
Customers' Charter

To keep the Bank a customer friendly institution.

To treat customers as an integral part of the Bank and serve them with the highest levels of integrity, fairness and goodwill.

To provide customers with the products and services they need in the form and variety they demand them, at the time they require them, and at prices they can afford.

To give our customers good value for the prices they pay.



St. Kitts-Nevis-Anguilla
National Bank Ltd.

Notice of Meeting

Notice is hereby given that the THIRTY-FIRST ANNUAL GENERAL MEETING of St. Kitts-Nevis-Anguilla National Bank Limited will be held at the Ocean Terrace Inn, Fortlands, Basseterre on 4 April 2002 for the following purposes:

1. To read and confirm the Minutes of the meeting held on April 5th, 2001.
2. To consider Matters arising from the Minutes.
3. To receive the Directors' Report.
4. To receive the Auditors' Report.
5. To receive and consider the Accounts for the year ended June 30, 2001.
6. To declare a dividend.
7. To elect Directors.
8. To ratify the decision to list the Bank on the Eastern Caribbean Securities Exchange.
9. To appoint Auditors for the year ending June 30, 2002, and to authorise the Directors to fix their remuneration.
10. To discuss any other business for which notice in writing is delivered to the Company's Secretary three clear banking days prior to the meeting.

By order of the Board.



Claudina V. Davis
Secretary

18 February 2002

TRANSFER BOOKS

The Transfer Books and Registers of Members will be closed from 22 March to 4 April 2002, both days inclusive.

PROXY

A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to vote in his stead.

Articles Governing Meetings

ARTICLE 42

At any meeting, unless a poll is demanded as hereinafter provided, every resolution shall be decided by a majority of the shareholders or their proxies present and voting, either by show of hands or by secret ballot, and in case there shall be an equality of votes, the Chairman of such meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

ARTICLE 43

If at any meeting a poll is demanded by ten members present in person or by proxy and entitled to vote, the poll shall be taken in such manner as the Chairman shall direct; and in such case every member present at the taking of the poll, either personally or by proxy, shall have a number of votes, to which he may be entitled as hereinafter provided; and in case at any such poll there shall be an equality of votes, the Chairman of the meeting at which such poll shall be taken shall be entitled to a casting vote in addition to any votes to which he may be entitled as a member and proxy.

ARTICLE 45

Every member shall on a poll have one vote for every dollar of the capital in the company held by him.

ARTICLE 56

At every ordinary general meeting one-third of the Directors shall retire from office. If the number of Directors be not divisible by three, then the number nearest to one-third of the number of Directors shall retire from office. The Directors to retire shall be those who have been longest in office since their last election. As between Directors of equal seniority in office the directors to retire shall be selected from amongst them by lot. A retiring Director shall be immediately, or at any future time, if still qualified, eligible for re-election.

ARTICLE 59

No one (other than a retiring Director) shall be eligible to be a Director, unless notice in writing that he is a candidate for such office shall have been given to the company by two other members of the Company at least seven days before the day of holding the meeting at which the election is to take place.

Corporate Profile

The Bank was incorporated as a limited liability Company under the Companies Act Chapter 335 on 15 February 1971, re-registered under the Companies Act No. 22 of 1996 and is subject to the provisions of the Banking Act of 1991. In 1972 the Bank established National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited as a wholly owned subsidiary of the Bank and in 1973 it established the National Caribbean Insurance Company as a wholly owned subsidiary of the Trust Company. The Bank, Trust and Insurance Companies comprise the National Bank Group of Companies.

The Bank has significantly expanded its operations from a single branch in 1971 to its present network of seven offices. These offices include a branch at its headquarters located in Basseterre and branches in Nevis, Sandy Point, Saddlers and the Pelican Mall, Basseterre. The Bank also operates an agency office at the Robert Llewellyn Bradshaw International Airport and has recently opened a Card Center at the Pelican Mall. The Card Center processes Electronic Banking Transactions and provides support to its customers who use these Services.

The Bank provides a full range of retail banking services and corporate banking facilities. With a network of reputable international correspondents, it is able to serve its customers and clients with the highest degree of reliability, confidentiality, accuracy and speed worldwide.

The Bank is the industry leader in systems and technology in the sub-region and is highly rated regionally and internationally for its technological sophistication and operational excellence. In 1991, the Bank was among the first in the sub-region to introduce ATM's to its customers and since that time has expended considerable resources to provide an extensive network of ATMs across St. Kitts-Nevis. Currently, there are thirteen (13) ATMs in operation with plans to increase this number to sixteen (16).

In addition to its ATMs the Bank offers the NatBank International VISA Debit Card, Telephone-Banking Services, Electronic Payment of utility bills and will soon be launching its Internet banking service, among others.

National Bank Trust Company provides a variety of trust, investment, corporate, secretarial and trustee services. The Trust company also provides Real Estate Development Services, at present developing land at Camp's Estate for first time homeowners.

National Caribbean Insurance Company is the leading Insurance Company in St. Kitts-Nevis, providing all classes of insurance coverage including Group Scheme, Family Health Plan, Fire & Extraneous Perils, Motor, Personal Accident, Loss of Profits, Marine, Travel, Money, Burglary, Public & Products Liability, Employers' Liability and Contractors' All Risks.

The provision of all of these services is in keeping with the Bank's aim of using the opportunities provided by electronic technology to globalise its marketplace and customer base.

Corporate Information

BOARD OF DIRECTORS

Rublin V Audain - Chairperson
Mitchell G Gumbs - 1st Vice Chairman
Lionel A Berridge - 2nd Vice Chairman
E Elroy Christopher - Director
Walford V Gumbs - Director
E Valentine Morris - Director
Theresa Richardson - Director
Clytie A Southwell - Director
Edmund W Lawrence - Managing Director

CORPORATE SECRETARY

Claudina V Davis

AUDITORS

Simmonds and Associates
Chartered Accountant
P O Box 126
New Street, Basseterre

SOLICITORS

Dublin & Johnson
Chambers
Sands Complex
George Street, Basseterre

Bryant & Liburd
Chambers
Shear Lane, Basseterre

REGISTERED OFFICE

Central Street, Basseterre

SUBSIDIARIES

National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited
Central Street, Basseterre, St. Kitts

National Caribbean Insurance Company Limited
Church Street, Basseterre, St. Kitts

SENIOR OFFICERS

Claudina V Davis	Senior Manager, Employees and Shareholders Affairs
Ernest E Pistana	Senior Manager, General Banking Division
S Diana Richards	Senior Manager, Comptroller Division
Esrick A Lanns	Senior Manager, Credit Division
Patricia A Haynes	General Counsel, Legal Unit
Warren D Nisbett	Acting Senior Manager, Management Information Systems Unit
Donald S Thompson	Acting Senior Manager, Internal Audit and Compliance Unit
Winston L Hutchinson	Manager, Comptroller Division
A J Patricia Wilkinson	Manager, Sandy Point Branch
Eileen L Tyrell	Manager, Pelican Mall Branch
Joan P Franks	Acting Manager, Nevis Branch
Sandrine Liburd	Manager, Saddlers' Branch
Patricia Mourillon	Manager, Card Center, General Banking Division
Yvonne A C Williams	Manager, Compliance Department, Internal Audit and Compliance Unit
A Anthony Galloway	Manager, Statistics And Analysis, Comptroller Division
E Joseph Halliday	Network Administrator
Earlgarth Greaves	Systems Analyst/Programmer

OFFICES AND ATMs

Basseterre
Headquarters
Central Street (2 ATMs)

Pelican Mall Branch (1 ATM)
Bay Road

Nevis Branch
Prince William Street (1 ATM)
Charlestown, Nevis

Sandy Point Branch
Main Street (1 ATM)
Sandy Point, St. Kitts

Saddlers Branch
Main Street (1 ATM)
Saddlers

Airport Branch
RLB International Airport (1 ATM)

Card Center (1 ATM)
Pelican Mall

Old Road (1 ATM)

St Paul's (1 ATM)

Cayon (1 ATM)

St Peter's (1 ATM)

New Castle Airport (1 ATM)

Board of Directors



Standing (left to right): E Elroy Christopher; E Valentine Morris; Rublin V Audain (Chairperson); Edmund W Lawrence (Managing Director); Mitchell G Gumbs

Seated (Left to Right): Walford V Gumbs; Theresa Richardson; Lionel A Berridge

Missing: Clytie A Southwell

Governance and Accountability

Board of Directors

The Board of Directors of the Bank is responsible for the governance of the Bank. It monitors the business affairs of the Bank on behalf of the shareholders. In so doing the Directors are responsible for determining policies and strategies of the Bank. The management of the Bank is responsible for the implementation of the policies and strategies and the day-to-day administration of the Bank's operations within the framework determined by the Board of Directors. The Directors therefore focus their attention on accountability, risk management, ethical conduct, best practices and international standards.

The Managing Director is the Senior Officer of the Bank and is responsible for managing the operations of the Bank and reporting to the Board of Directors. The election of the Chairman of the Board of Directors requires a majority vote by the Board of Directors at the first meeting of the Board following an Annual General Meeting. The appointment of a Managing Director is done by a majority vote of the Board of Directors.

The Bank must have no fewer than five Directors and no more than ten. Each Director must own at least 100 shares in the Bank.

Fiduciary Duties of Directors

The Banking Act provides guidelines for the removal and disqualification of Directors, imposes requirements for the declaration and registration of related interest and conflict of interest. It outlines the Directors' responsibility with respect to deceiving statements, obstruction of the audit or authorised examination. It imposes a duty to comply with the requirements of the laws, outlines liability under the Act and the requirement of confidentiality.

The Companies Act imposes a fiduciary duty on each Director to act honestly and in good faith in the best interest of the Bank and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. This requirement means that the primary duty of a Director is to the Bank, notwithstanding the interests of the shareholders electing such Director.

The ECCB provides guidelines for the fiduciary duties of Directors which the Bank has adopted. These include that the Directors must ensure competent management which requires actively managing the selection process of the chief executive officer or the equivalent and other senior management officers and ensuring that the Bank has appropriate procedures and policies. The procedures and policies cover lending, including the setting of approved lending limits and internal review procedures; investments; assets including liability and funds management; profit planning and budgeting; implementing internal controls and adequate audit programmes; human resource management and ethical codes of conduct; monitoring the operations of the Bank to ensure compliance, including a general awareness of the Bank's business performance and operating environment and being loyal to the Bank's interest.

Board Committees

The Bank's Board of Directors currently has five Committees namely Audit, Budget, Executive, Investment and Loans.

The Audit Committee oversees the auditing and supervision of the day-to-day operations of the Bank and considers the Audit and Compliance reports prepared by the Internal Audit and Compliance Unit. This Committee is also responsible for setting policies and procedures which safeguard the operations, ensuring that the operations conform to the banking rules, regulations, prudential guidelines and procedures and are in compliance with local Banking Statutes.

The Budget Committee considers and approves the annual budget and periodically reviews the Management Reports.

The Executive Committee is the overseer of the Bank's activities; this Committee plans the Bank's activities and requires justification for specific actions, where necessary.

The Investment Committee is responsible for formulating policies for the allocation of each deposit dollar and the investment of the Bank's surplus funds and identifying areas in which the Bank may prudently invest its funds.

The Loans Committee is responsible for approving credit applications in excess of Management's limit.

Each Committee of the Board reports to the full Board of Directors and approval is required for all decisions of such committees.



Credit Division staff at work

Organisation Overview

MANAGING DIRECTOR'S OFFICE

The Managing Director's Office encompasses a range of support functions that underpin the Bank's activities and help to ensure that the Bank's reputation is maintained. These include the Managing Director's Office, Management Information Systems Unit, the Legal Unit and Public Relations and Marketing Unit.

GENERAL BANKING DIVISION

The General Banking Division is the Bank's hub. It is responsible for International Business which includes collections, foreign trade and letters of credit. It serves deposit customers by opening all types of new accounts and facilitates transactions on those accounts. The Division also provides other services such as Night Depository and Safety Deposit Boxes.

CREDIT DIVISION

The Credit Division is responsible for investing the Bank's funds in Personal and Business loans and advances in accordance with the policies laid down by the Board of Directors. It also has the responsibilities of monitoring and administering all loans and credit facilities.

EMPLOYEES AND SHAREHOLDERS AFFAIRS UNIT

This Unit is responsible for recruiting, orienting, training and counseling the Group's employees. Staff benefits and programs as well as job classifications and standards are also developed by the Unit. With respect to shareholders, this Unit responds to their queries, keeps them informed of the Company's operations, maintains the records of shareholdings and ensures the prompt payment of dividends.

INTERNAL AUDIT AND COMPLIANCE

The Internal Audit and Compliance Unit is an independent Unit authorised by the Board of Directors to review the adequacy of the Bank's internal control systems and periodically to test compliance with procedures for managing risks. It objectively examines, evaluates, and reports on the adequacy of internal controls.

COMPTROLLER DIVISION

The Comptroller Division handles the Accounting Functions of the Bank, ensures that the Bank's properties are maintained and purchases all supplies and equipment. The Division is also responsible for preparing the Bank's annual budget, and for compiling statistics for periodic reporting to regulatory authorities.

Chairperson's Statement



Rublin V Audain, Chairperson

Record Performance

St. Kitts-Nevis-Anguilla National Bank Ltd. (NATIONAL) delivered yet another record performance for the year ended June 2001 and we are justly proud of these results. It was a year when we solidified our position as the leading bank in the sub-region with the continuing ability to provide our shareholders with very impressive returns on their investment.

Total income grew to \$83 million from \$59 million for the year ended June 2000 – a 41% increase. Operating income rose to \$32 million in 2001 from \$17 million in 2000 – an increase of 88%. As a further indication of the outstanding results that we achieved, return on shareholders equity was 22% for the year under review.

Our financial numbers were not the only ones that grew. In 2000-2001 we added several ATMs to our ever-increasing network of machines. We also increased the number of staff and added a Card Center so that we could better serve the growing number of customers who use NATIONAL to satisfy their financial needs.

Our Focus

Even with this impressive growth NATIONAL continues to focus its efforts on improving the service we offer our customers. Our focus starts with anticipating our customers' needs and offering a broad range of products and services in a technologically advanced environment to meet those needs.

As part of this effort we opened our Card Center in 2001 to provide various levels of card services and to launch the National Bank International VISA Debit Card. This card will provide the holder with access to his cash from over 550,000 ATMs and 19,000,000 retail outlets worldwide.

Plans are well underway to provide online banking services to our customers. Meanwhile, we continue to be the only bank in the Federation of St. Kitts and Nevis to provide such innovative services as telephone banking and the ability to pay utility bills from the comfort of our many ATMs.

Providing this type of service requires us to have a highly professional, competent and creative team of employees as well as the right technology and environment in which to execute this service. We are proud to say that we have been investing in all of these for several years now.

Challenges and Opportunities

While the year ended June 2001 was a successful year for NATIONAL it was not without its challenges. The lingering effects of several hurricanes in the late 1990s manifested themselves in some of the crucial sectors of the economy.

In particular, stay-over visitors to our shores continue to decline and there is ongoing concern regarding the imminent closure of the Sugar Industry. We expect that the eventual closure of the industry would negatively affect earnings but we are already taking proactive measures to mitigate the impact. These measures are aimed at strengthening and expanding our customer base, thereby increasing fee income while carefully managing operating expenses.

The continued inclusion of the Federation on the list of countries that are considered non-cooperative in the fight against money laundering has posed its share of challenges. However, the Bank has responded by enhancing its own risk management practices and capabilities in light of these new challenges.

We believe that our increased focus on risk management as well as our forward looking approach to the business of banking will provide us with a competitive advantage and put us in an even stronger position to provide satisfactory returns to our shareholders.

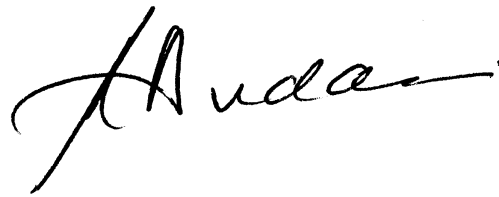
Our international debit card and our imminent entry into the area of online banking will enable us to expand our services beyond our geographic borders, thus creating even greater opportunities for the Bank.

Moving Forward

We are extremely proud of the results that we achieved during this past year but we are not complacent. We will continue to provide the type of leadership to help ensure that the successes of the past continue into the future.

We will continue to anticipate the needs of our customers and continue to find solutions today for the problems that we are likely to face tomorrow. We will continue to provide our customers with the highest quality service and provide our employees with the technology and environment necessary to perform at the highest level.

I would like to thank our customers for their business, our employees for their hard work and dedication and our shareholders for their continued willingness to support us. On behalf of the Board of Directors, I give you the assurance that we will continue to do our best to provide increased value and positive returns on your investment.



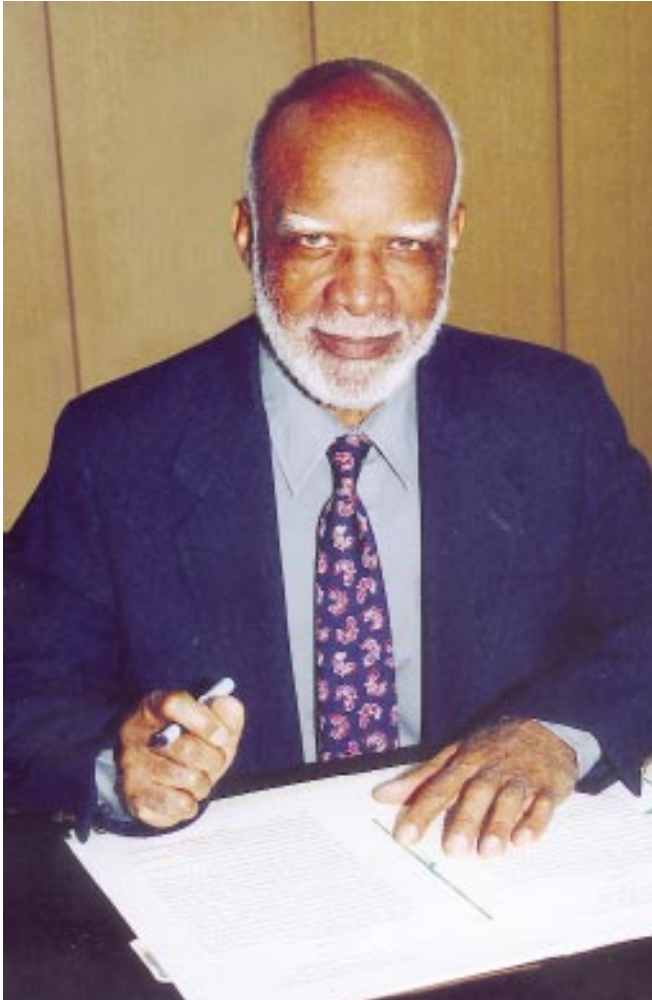
Rublin Audain
Chairperson
January 15, 2002

*Staff member working
with our new document
imaging product*



*Staff member handing over
Gold Card to proud recipient*

Managing Director's Report



Edmund W Lawrence, Managing Director

BUILDING ON A SOLID FOUNDATION

The success achieved by NATIONAL during the financial year ended 30 June 2001 is an indication of the vision and commitment of the Bank's Directors and Staff.

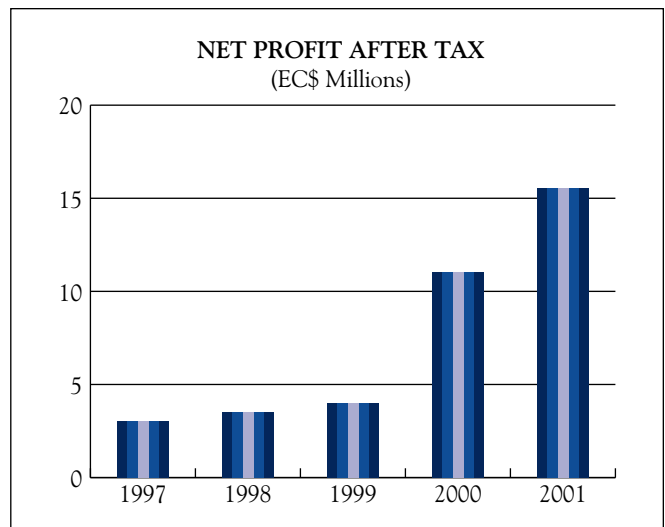
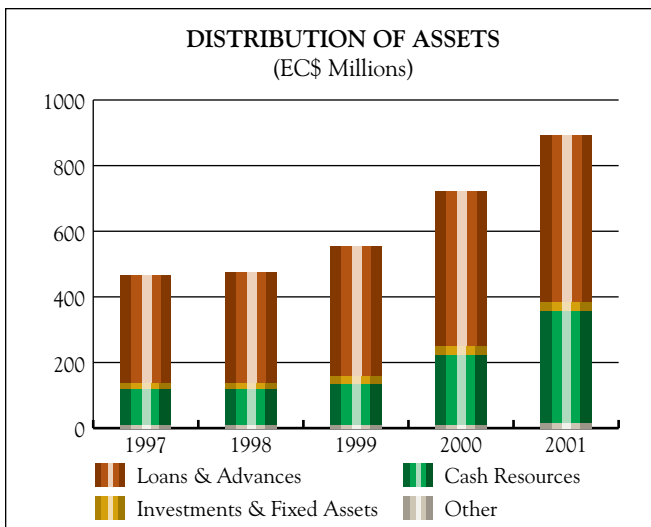
NATIONAL has continued to meet customer expectations. Our recently commissioned network of ATMs that spread across the Federation is used extensively by our customers. Shortly, we will be launching our NatBank International VISA Debit Card that will bring enhanced convenience and technology to our valued customers and further international recognition to the Bank.

FINANCIAL OVERVIEW

NATIONAL continues to build on the solid foundation laid during the past years. The Bank recorded another outstanding performance during the financial year ended 30th June 2001. Assets moved from \$721m in 2000 to \$892m in 2001, an increase of \$171m or 24%. Our Net Operating Profit increased from \$17m in 2000 to \$32m in 2001. The profit earned in 2001 represents a significant increase of \$15m or 88% over the previous year.

The financial returns in 2001 have been a resounding success for the Bank. A more comprehensive analysis of the financial statements is contained in the Directors' Report.

We take this opportunity to thank our staff for their commitment and loyalty during the financial year. The success that we have achieved would not have been possible without them.



HUMAN CAPITAL

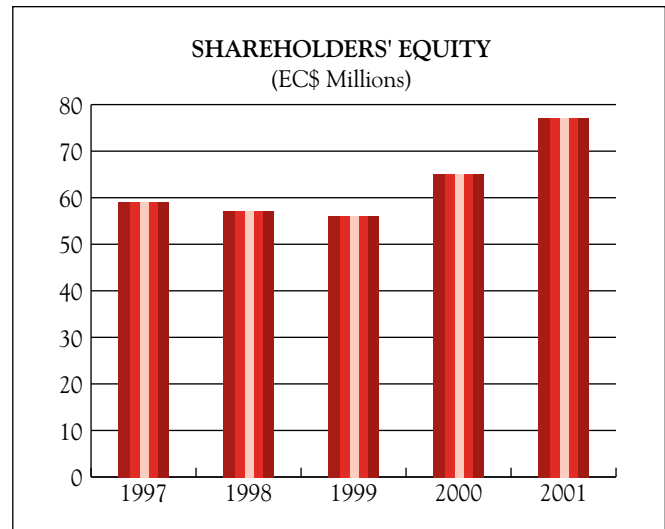
NATIONAL recognizes the pivotal role each employee plays in the success of the institution. We believe that production will be increased if our staff is healthy and adequately compensated for their efforts. During the year, we have enhanced the medical benefits offered to our staff.

We continue to train our staff and several members have attended seminars and conferences during the year. Some members of our staff are currently taking professional and tertiary level examinations and are recognised by the bank for their enterprise.

NATIONAL will continue to enhance the compensation package to our human resource so that we can maintain a highly motivated staff empowered to meet the challenges of the 21st century.

COMMUNITY OUTREACH

NATIONAL believes that part of its returns should be redirected for the social development of our society. We have over the years earned a reputation of being an outstanding corporate citizen and continue to sponsor a number of sporting organisations and cultural activities.



PUBLIC SHARE ISSUE

The authorised share capital of the Bank is \$135,000,000 divided into 135,000,000 ordinary shares of \$1 each. The issued share capital is currently \$45,000,000. NATIONAL BANK Shareholders passed a resolution on 31 May 2001 authorising the Directors to offer a share issue to the public for 36,000,000 shares. This share issue is expected to be available for sale in November and December 2001. Existing shareholders will pay EC\$1.00 per share and prospective shareholders will pay \$1.35. If this issue is fully subscribed, the issued share capital of the Bank would be \$81,000,000.

Student receiving Future Planner Card



The capital raised from this issue will be used to fund the

Bank's ownership participation and acquisition undertakings, expansion programs and the developmental initiatives to provide new products, services and delivery solutions.

ENHANCED ELECTRONIC TECHNOLOGY

NATIONAL continues to invest substantially in technology that will bring enhanced benefits to our customers and increased productivity of staff. We have recently upgraded our core banking software and we continue to be the only bank to maintain a network of ATMs throughout the Federation. The volume of transactions conducted at these ATMs continues to grow beyond our expectations.


NATIONAL will introduce a VISA Debit Card which is expected to be launched in December 2001. This card will provide greater convenience to our customers particularly to those who travel or live overseas. The VISA Debit Card will allow customers to shop worldwide and access funds from their accounts to pay for their purchases. Customers will also be able to access cash from their accounts using any ATM worldwide that accepts VISA cards. The use of the VISA Debit Card will also project our institution into the international market as a premier financial institution.

NATIONAL maintains a website on the Internet so that customers and potential customers can readily access information and communicate with officers at the Bank. Further enhancements are expected for the website in the near future

so that customers can access information on their accounts via the Internet. The website can be accessed at www.sknanb.com.

CHARTING THE FUTURE COURSE

NATIONAL will continue to listen to its customers and diversify its products in order to meet their needs. We recognise the fact that we are functioning in a competitive environment and with the trend of global liberalisation, we are looking for opportunities to expand beyond the borders of the Federation. We are determined to improve our customer service so that NATIONAL continues to be the most sought after Bank in the Federation. We are committed to continue to train our staff so that they can function more efficiently and effectively. We will continue to be sensitive to the financial environment so that we can respond in a timely manner to changes. We are confident that with your continued support, NATIONAL will continue to be the principal financial institution in the Federation.



Edmund W Lawrence
Managing Director



Bank staff at one of our many ATMs

Directors' Report

The year under review was a challenging one for the economies of the countries of the Eastern Caribbean. It was a year of mixed economic performance, increased competitiveness of the banking industry and increased volatility in financial markets worldwide but particularly in the USA. Despite these challenges, the Bank recorded another solid earnings performance. The achievements were made possible by the Bank's commitment to a number of fundamentals in the areas of fund management, risk management, cost containment, increased business and product pricing.

For the financial year ended 30 June 2001 income before tax was \$32.3 million, an increase of 88% over 2000. However, net income grew from \$11.0 million in 2000 to \$15.7 million in 2001 reflecting Management's foresight in providing for the potential impact on the institution of the closure of the sugar industry. We decided to defer \$10.0 million of the income earned on the St Kitts Sugar Manufacturing Corporation Account during the 2000 - 2001 financial year.

The growth in income was due mainly to a 27.5% increase in interest income, the Bank's principal income earner and a significant increase in commissions, emphasising management's strategies directed at diversifying the income source while controlling the level of unsatisfactory assets.

The growth in income had a positive impact on the cash inflow which increased by \$36.7 million or 37.3%.

As a result of the excellent financial performance, Shareholders' Equity continued to strengthen and reached \$77.1 million in 2001. The overall growth was \$12.3M (19.1%); of this amount, paid up share capital increased by 400% owing to the four for one share dividend paid by the

Bank towards the end of the financial year. These results enabled the Bank to achieve earnings per share of \$1.74 and a return on equity of 22.1%.

The growth in shareholders' equity positively affected the risk weighted assets ratio which moved from 31.8% to 32.4%, more than four times the prudential norm of 8.0%.

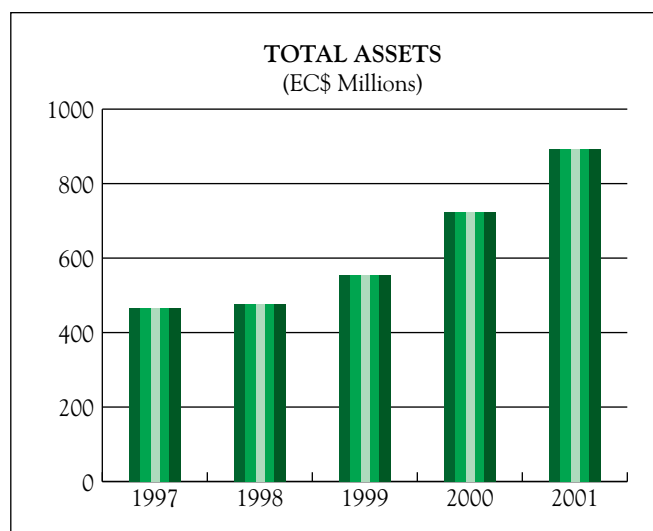
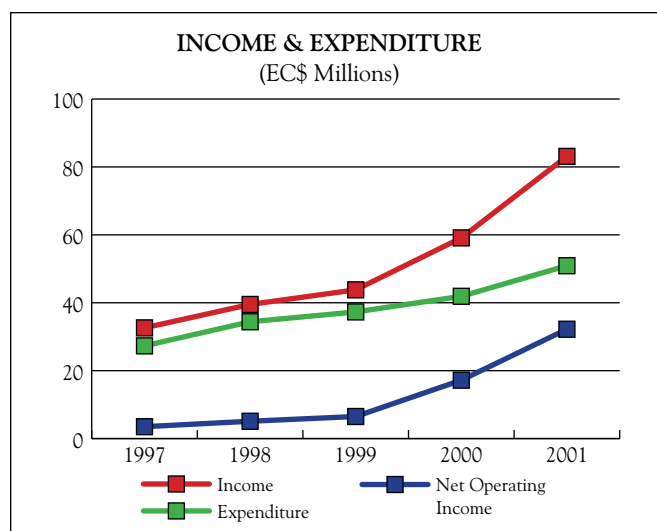
An additional \$3.0 million strengthened Provision for Doubtful Debts; this growth increased the amount set aside to \$26.0 million at the end of the financial year. This increase in Provisions serves as a buffer to cushion shareholders' equity from potential losses.

FINANCIAL PERFORMANCE - BALANCE SHEET

Sources of Funds

The objective to mobilise a significant level of funding to finance the Bank's operations was achieved with deposits increasing by \$143 million or 22.9% from \$626 million to \$769 million.

With the introduction of the payment of interest on chequing accounts, demand deposits increased by \$73.8 million or 71.0%, a reflection of the level of sophistication of the Bank's customers who were now able to have their funds readily available while earning interest. With the significant growth in demand deposits, Savings, (the Bank's core deposits) grew marginally by \$4.7 million or 0.5% and fixed deposits by \$9.0 million or 0.2%.





Staff handing over Classic Card to proud recipient

Use of Funds

Management of the Bank's asset base was vital to the improvement in the results in 2001. Asset management techniques focussed not only on the quality of assets but also on the earning capacity of the assets.

In 2001, the asset base grew by 23.8% or \$171.4 million to \$892.3 million. This growth rate was slightly less than the 30.4% or \$167.9 million of 2000.

The lower asset growth in 2001 compared to 2000 was due to the moderate expansion in loans and advances, the bank's

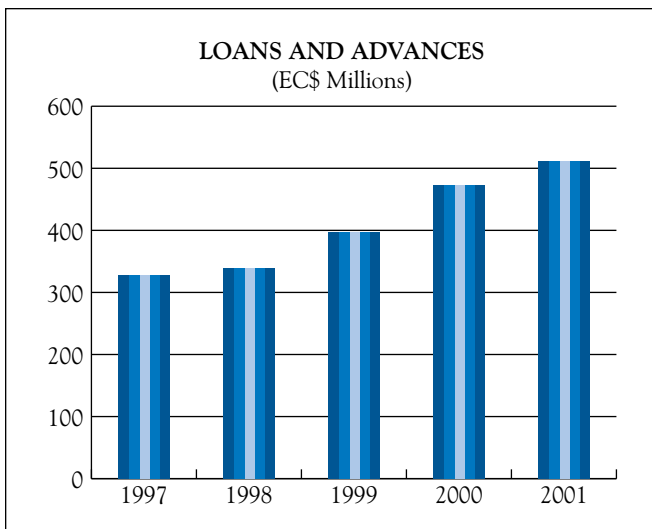
main income earner. This reduced lending was due to net repayment by the Public Sector. Loans and advances expanded by \$37.6 million or 7.9% to \$510.7 million.

FINANCIAL PERFORMANCE - PROFITABILITY

NATIONAL surpassed the profitability levels achieved in 2000 and recorded the highest level of profitability in its history. For the 2001 financial year, the Bank realised profit before tax of \$32.3 million, 88.0% or \$15.0 million higher than the \$17.3 million achieved in 2000. Similarly, the profit after tax increased by 42.1% to \$15.7M. The profit generated translated to a return on equity of 22.1%, return on assets of 1.95% and earnings per share of \$1.74. These ratios are above the industry average and in line with the Bank's goals.

The improved financial results achieved in the 2001 financial year were owing to a combination of factors, each with a different impact on profitability. One area of focus to boost profitability was non-interest income which increased four fold to \$12.0 million. The growth was a result of the introduction of new fee-based services by the Bank.

With the growth in foreign securities holding, the improvement in the International Securities market, and enhanced risk management, there was a profit of \$0.7 million on marketable securities from a loss position of \$1.1 million for the previous year.



Another highlight of the Bank's performance was in the area of cost containment. For the 2001 financial year, General and Administrative Expenses grew marginally by \$0.2 million from \$16.1 million to \$16.3 million. This was attributable to improved efficiency in all areas.

**FINANCIAL PERFORMANCE -
MARKET SHARE**

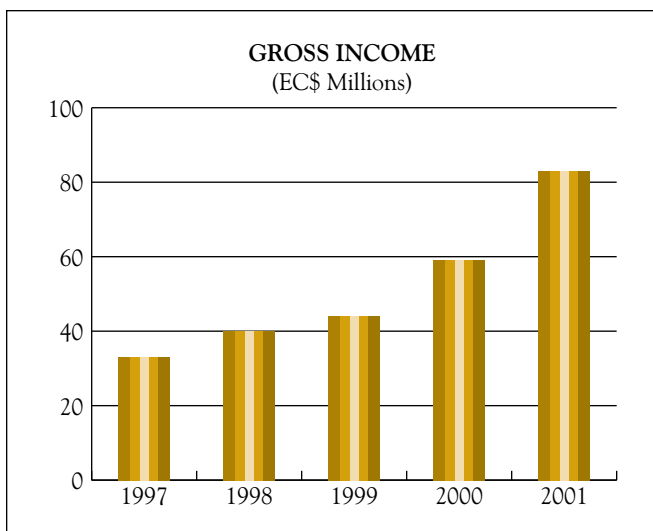
NATIONAL's performance relative to the rest of the banking industry in the Federation improved during the 2001 financial year. For assets, loans and advances and deposits, the growth at NATIONAL was more than 50.0% of the industry. Consequently, the market share for assets moved from 47.2% to 50.4%, loans and advances from 47.8% to 48.1% and deposits from 54.9% to 59.8%.

This growth enabled the Bank to command 8.2%, 8.8% and 7.5% of the assets, deposits and loans segments respectively of the ECCB region's market. NATIONAL remained the largest bank in the ECCB region in terms of assets.

The significant growth in assets moved the Bank closer to its next major milestone, \$1 billion in assets and 50.0% of the market, for the first time in history. The marginal growth in loans and advances was reflected in the modest gain in market share and was a reflection of the market conditions and the Bank's focus on risk management. The significant gain in deposit market share was an outgrowth of the Bank's strategy to increase non-interest income.

FUTURE PROSPECTS

NATIONAL has performed creditably over the years with the institution growing at a rapid pace. NATIONAL continues to be the lead bank in the ECCB region in the growth of assets, deposits, loans and profit. Further, with the events of September 11, 2001 and the impact on the world economy, the Bank has placed itself in a position to preserve shareholders' wealth and, if not increase, maintain the profit levels and growth rate of 2001.



DIRECTORS

The Bank's Articles of Association provide that at every Annual General Meeting, one third of the Directors shall retire by rotation. Retiring Directors shall be eligible for re-election.

The retiring Directors by rotation are:

- Ms Rublin Audain
- Ms Theresa Richardson
- Mr Walford Gumbs

The retiring Directors, being eligible, offer themselves for re-appointment.

During the year, Mrs Andrea Charles-Browne resigned as a Director.

AUDITORS

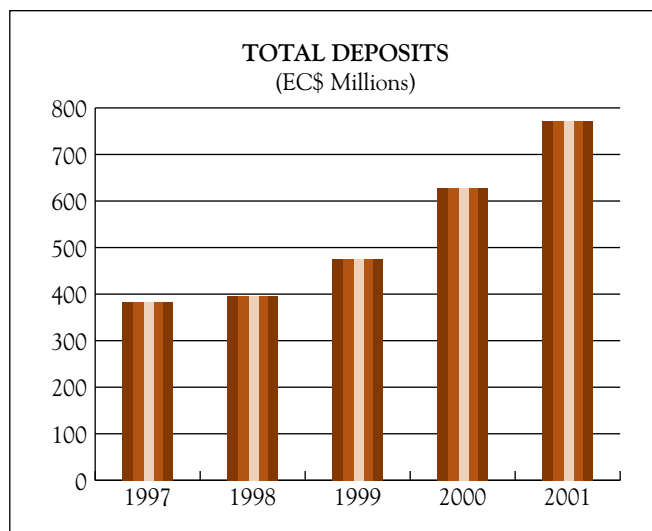
The retiring auditors, Simmonds and Associates, Chartered Accountant, being eligible, offer themselves for re-appointment.

DIVIDENDS

The Directors have recommended a dividend of 30% for the year ended 30 June 2001. The dividend, if approved, will provide shareholders with the same return as the previous year.

By Order of the Board

Cladina Davis
Secretary



Directors' Responsibilities in Respect of the Preparation of Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the company and of the profit and loss for the period. In preparing financial statements, the Directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with Generally Accepted Accounting Standards. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Financial Highlights

	2001	2000	1999	1998	1997
	\$	\$	\$	\$	\$
	'000	'000	'000	'000	'000
BALANCE SHEET INFORMATION					
Total Assets	892,279	720,872	552,980	474,752	465,017
Total Deposits	769,550	626,352	475,010	398,647	381,832
Loans and Advances	510,658	473,053	396,429	339,151	327,729
Investment Securities	229,418	126,687	80,719	80,439	67,111
Cash and Short Term Funds	72,410	64,210	14,492	12,304	21,657
OPERATING RESULTS					
Gross Operating Income	83,176	59,169	43,839	39,591	32,651
Interest Income	67,457	52,892	37,515	33,489	28,606
Interest Expenses	34,594	25,785	21,302	18,435	16,502
Earnings Before Income Tax	32,274	17,261	6,511	5,161	5,305
Net Earnings	15,699	11,046	3,945	3,683	2,998
Operating Expenses/Provisions	16,308	16,123	16,206	15,995	10,844
Gross Revenue per Employee	635	473	359	330	302
SHARE CAPITAL AND DIVIDEND INFORMATION					
Paid up Share Capital	45,000	9,000	9,000	9,000	9,000
Shareholders' Equity	77,062	64,728	56,381	57,246	57,875
Risk Weighted Assets (%)	32.4	31.8	29.0	31.4	35.0
Dividends	2,700	2,700	2,025	1,800	1,125
Number of Shareholders	1,354	1,314	1,322	1,307	1,252
Earnings Per Share (\$)	1.74*	1.23	0.44	0.41	0.33
Dividends Per Share (\$)	0.30*	0.30	0.23	0.20	0.13
*The Share Capital increased from \$9m in 2000 to \$45m in 2001 by a bonus share issue of 36,000,000 shares which will rank for dividends from 1 July 2001.					
BALANCE SHEET AND OPERATING RESULTS RATIOS					
Loans and Advances to Deposits (%)	66.4	75.5	83.5	85.1	85.8
Staff Cost/Total Cost (%)	14.7	17.8	20.1	20.0	21.9
Cost/Income (Efficiency) (%)	33.6	48.3	71.1	75.6	67.1
Return on Equity (%)	22.1	18.2	6.9	6.4	5.5
Return on Assets (%)	1.95	1.73	0.77	0.78	0.70
Equity Multiplier (X)	11.4	10.5	9.0	8.2	7.8
Asset Utilisation (%)	10.3	9.3	8.5	7.7	7.8
Yield on Earning Assets (%)	9.4	9.7	8.3	8.3	7.8
Cost to Fund Earning Assets (%)	4.7	4.7	4.7	4.5	4.5
Net Interest Margin (%)	4.7	5.0	3.6	3.8	3.4

Analysis of Income and Expenditure

	2001		2000		1999	
	%	\$'000	%	\$'000	%	\$'000
INCOME						
Interest	81.1	67,457	89.4	52,892	85.6	37,515
Profit on Foreign Exchange	1.8	1,505	1.9	1,125	2.8	1,221
Gain on Marketable Securities	0.9	774	0.0	0	0.0	0
Service Charge	1.3	1,045	1.5	897	2.2	959
Commissions	14.1	11,713	5.9	3,480	8.3	3,647
Miscellaneous	0.8	682	1.3	775	1.1	497
	100.0	83,176	100.0	59,169	100.0	43,839
EXPENDITURE						
Interest	68.0	34,594	61.5	25,785	57.1	21,302
Establishment Expenses	14.6	7,421	14.1	5,906	15.2	5,691
Staff Employment	14.7	7,464	17.8	7,463	20.1	7,510
Communications	0.5	252	0.5	228	0.7	246
Travelling	0.3	130	0.2	81	0.1	53
Stationery and Supplies	0.6	330	1.2	499	1.3	503
Miscellaneous	0.4	221	0.2	92	0.8	314
Loss on Marketable Securities	0.0	0	2.7	1,137	3.1	1,148
Audit Fees and Expenses	0.1	67	0.2	67	0.2	67
Other Finance Charges	0.8	423	1.6	650	1.3	494
	100.0	50,902	100.0	41,908	100.0	37,328

Auditors' Report

TO THE SHAREHOLDERS OF ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

We have audited the financial statements on pages 25 to 36 which have been prepared under the historical cost convention and the accounting policies set out on pages 29 to 31.

As described on page 21 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

We conducted our audit in accordance with Generally Accepted Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with such evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall presentation of information in the financial statements.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at June 30, 2001 and the profit of the Group for the year then ended.



SIMMONDS AND ASSOCIATES
Chartered Accountant

St. Kitts

17 December, 2001

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Balance Sheet

as at 30 June 2001


BANK				GROUP	
2001 \$'000	2000 \$'000		Notes	2001 \$'000	2000 \$'000
ASSETS					
CASH RESOURCES					
72,410	64,210	Cash and Short Term Funds	4	72,932	64,441
37,785	22,459	Special Deposit		39,046	23,604
229,418	126,687	Investment Securities	5	227,998	125,741
339,613	213,356			339,976	213,786
CUSTOMERS' AND OTHER ACCOUNTS					
510,659	473,053	Loans and Advances (net of provision)	6	520,007	479,837
9,389	4,966	Customers' Liability under Acceptances, Guarantees and Letters of Credit		9,389	4,966
5,301	3,281	Other Assets		11,078	11,178
525,349	481,300			540,474	495,981
INVESTMENTS AND FIXED ASSETS					
10,233	9,692	Investments		7,946	8,258
17,084	16,524	Premises and Equipment	7	23,319	22,870
27,317	26,216			31,265	31,128
892,279	720,872	TOTAL ASSETS		911,715	740,895
LIABILITIES					
769,550	626,352	Deposits and Customers' Current Accounts		726,311	587,216
26,278	24,826	Accumulated Provisions, Creditors and Accruals		79,336	73,531
9,389	4,966	Customers' Liability under Acceptances, Guarantees and Letters of Credit		9,389	4,966
10,000		Deferred Credit	3	10,000	
815,217	656,144			825,036	665,713
CAPITAL RESOURCES					
45,000	9,000	Issued Share Capital	8	45,000	9,000
167	167	Share Premiums		167	167
20,000	50,000	Reserves	9	29,586	59,690
11,895	5,561	Retained Profits		11,926	6,325
77,062	64,728	Shareholders' Funds		86,679	75,182
892,279	720,872	TOTAL LIABILITIES AND CAPITAL RESOURCES		911,715	740,895

Director



Rublin V Audain

Director



Mitchell G Gumbs

The attached notes form part of these Accounts

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Profit and Loss Account

for the year ended 30 June 2001

BANK				GROUP	
2001 \$'000	2000 \$'000		Notes	2001 \$'000	2000 \$'000
83,176	59,169	INCOME		93,461	69,370
50,902	41,908	EXPENSES	1	61,044	51,307
32,274	17,261			32,417	18,063
(665)	–	Prior Year Adjustment	2	(554)	(2)
(10,000)	–	Deferred Income for Year	3	(10,000)	–
21,609	17,261	PROFIT BEFORE TAXATION		21,863	18,061
(6,575)	(6,215)	TAXATION		(6,686)	(6,337)
15,034	11,046			15,177	11,724
5,561	215	Retained Profits brought Forward		6,325	1,180
20,595	11,261	PROFIT ATTRIBUTABLE TO SHAREHOLDERS		21,502	12,904
(2,700)	(2,700)	DIVIDENDS PROPOSED		(2,700)	(2,700)
(6,000)	(3,000)	RESERVES		(6,876)	(3,879)
11,895	5,561	RETAINED PROFITS CARRIED FORWARD		11,926	6,325

The attached notes form part of these Accounts

Cash Flow Statement

for the year ended 30 June 2001

BANK			GROUP	
2001 \$'000	2000 \$'000		2001 \$'000	2000 \$'000
135,225	98,493	NET CASH INFLOW FROM OPERATING ACTIVITIES	134,585	99,172
		SERVICING OF FINANCE		
(2,700)	(2,025)	Dividend Paid	(2,700)	(2,025)
		TAXATION		
(3,728)	(2,992)	Taxation Paid	(3,768)	(2,992)
		INVESTING ACTIVITIES		
(541)	(1,270)	Sales/(Purchases) of Investment	312	(3,589)
(1,999)	(1,787)	Purchase of Fixed Assets	(2,239)	(2,141)
(2,540)	(3,057)		(1,927)	(5,730)
126,257	90,419	NET CASH INFLOW	126,190	88,425

The attached notes form part of these Accounts

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Notes to the Cash Flow Statement

for the year ended 30 June 2001

BANK			GROUP	
2001 \$'000	2000 \$'000		2001 \$'000	2000 \$'000
		1. RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES		
32,274	17,261	Net Profit for the Year	32,417	18,063
(2,021)	(808)	(Increase)/Decrease in Other Accounts	100	4,344
(1394)	6195	Increase/(Decrease) Accumulated Provisions, Creditors and Accruals	2,887	9,371
		Transfers from Reserves	(980)	–
1,438	1,109	Depreciation	1,782	1,654
–	18	Disposal of Fixed Assets	8	44
(665)	–	Prior Year Adjustment	(554)	(2)
29,632	23,775	NET CASH INFLOW FROM OPERATING ACTIVITIES	35,660	33,474
143,198	151,342	Net Increase in Deposits	139,095	146,965
(37,605)	(76,624)	Net Increase in Loans	(40,170)	(81,267)
135,225	98,493	NET CASH INFLOW FROM OPERATING ACTIVITIES	134,585	99,172
		2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR		
213,356	122,937	Balance at Beginning of Year	213,786	125,361
126,257	90,419	Net Cash Inflow	126,190	88,425
339,613	213,356	Balance at End of Year	339,976	213,786

The attached notes form part of these Accounts

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Statement of Accounting Policies

for the year ended 30 June 2001

1 INCORPORATION

(a) St. Kitts-Nevis-Anguilla National Bank Limited

The Bank was incorporated on the 15th day of February, 1971 under the Companies Act Chapter 335, but was re-registered under the new Companies Act No. 22 of 1996 on the 14th day of April 1999.

(b) National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited

The Trust Company was incorporated on the 26th day of January, 1972 under the Companies Act Chapter 335, but was re-registered under the new Companies Act No. 22 of 1996 on the 14th day of April 1999.

(c) National Caribbean Insurance Company Limited

The Insurance Company was incorporated on the 20th day of June, 1973 under the Companies Act Chapter 335, but was re-registered under the new Companies Act No. 22 of 1996 on the 14th day of April 1999.

2 PRINCIPAL ACTIVITIES

(a) St. Kitts-Nevis-Anguilla National Bank Limited

The Bank provides a comprehensive range of international banking, financial and related services.

(b) National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited

The principal activity of the Company is the provision of long-term mortgage financing, raising long-term investment funds, real estate development, property management and the provision of trustee services.

(c) National Caribbean Insurance Company Limited

The Insurance Company provides coverage of life assurance, non life assurance and pension schemes.

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Statement of Accounting Policies

for the year ended 30 June 2001

3 BASES OF ACCOUNTING

Significant features of the accounting bases in use are explained below:

(a) Currency

All values are expressed in Eastern Caribbean Currency.

(b) Consolidation

The Group Accounts consolidate the Accounts of the Bank and its Subsidiaries, National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited and National Caribbean Insurance Company Limited, for the accounting period ended June 30, 2001.

The Group's Share of the profits of Subsidiary Companies is included in the Profit and Loss Account.

Two other subsidiaries, National Investments Limited and National Brokers Limited, have not been consolidated in these Accounts.

(c) Bad and Doubtful Debts

Bad Debts are written off when the extent of the loss incurred has been confirmed. Specific provisions are made against advances, if in the opinion of the Directors' recovery is doubtful. In addition general provisions are maintained to cover losses which, although not specifically identified, are known to be present in any portfolio of the Bank's Advances. The aggregate provisions which are made during the year are charged against operating profits.

(d) Depreciation

Depreciation is provided on buildings on a straight-line basis over the period of the lease or over forty (40) years for freehold premises. Equipment including the Computers, Furniture and Fittings, and Vehicles are depreciated on a straight-line basis at rates which will facilitate writing off the Assets over their effective useful lives.

(e) Foreign Currency

Assets and Liabilities in foreign currencies have been converted to Eastern Caribbean Currency at the mid-rate of exchange prevailing on June 30, 2001. Profits and Losses which arise from normal trading activities are included in the Profit and Loss Account for the year ended June 30, 2001.

(f) Claims Equalisation Reserves

Annually 10% of the value of Gross Premiums in the Insurance Company on Fires, Motor and Marine is transferred to a Claims Equalisation Reserve Account.

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK GROUP

Statement of Accounting Policies

for the year ended 30 June 2001

(g) Insurance Funds

Annually 75% of accumulated surplus on Industrial, Public Liability and Sundry Insurances are carried forward as Insurance Fund Reserves.

(h) Interest

Interest received in the Insurance Company has been distributed between Shareholders and Policy Holders Funds; 80% has been allocated to Life Revenue Account, the remaining 20% to Profit and Loss.

(i) Claims

Provision for outstanding claims is made for the estimated cost of claims to be paid in respect of incidents occurring up to the end of the financial year except for industrial claims in which case the provision is the higher of the actual claims and one month's average claim.

(j) Provision for Unexpired Risk

Provision for unexpired risk is the proportion of premiums written in the current year which relates to the cover provided in the following year. The basis being 40% of the sum of net premiums written and commission retained on all classes of non life insurances. No provision is made with respect to the Group Pension.

(k) Expenses

Expenses of Management in the Insurance Company are allocated to the various revenue accounts as follows:-

- (i) on actual basis where the expenditure can be allocated,
- (ii) on the basis of 5% of the gross premiums of life and industrial premiums, and
- (iii) on the basis of premiums written for the others.

Notes to the Accounts

for the year ended 30 June 2001

1 EXPENSES

BANK			GROUP	
2001 \$000	2000 \$000		2001 \$000	2000 \$000
		Included in total expenses are the following:-		
1,436	1,108	Depreciation	1,892	1,654
186	146	Directors' Fees	385	300
67	67	Audit Fees	140	138
3,000	2,052	Provision for Doubtful Debts	3,000	2,052

2 PRIOR YEAR ADJUSTMENT

(665)	–		(554)	(2)
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Prior year adjustment relates to under provision for Income Tax and over provision for depreciation.

3 DEFERRED INCOME

Due to the expected closure of the Sugar Industry, the Directors have decided to defer a portion of its profits arising from the Sugar Industry until the final effect of the closure on the accounts of the Bank is known.

Notes to the Accounts

for the year ended 30 June 2001

4 CASH AND SHORT TERM FUNDS

BANK			GROUP	
2001 \$000	2000 \$000		2001 \$000	2000 \$000
6,033	6,056	Cash on Hand	6,033	6,056
66,377	58,154	Money at Call and Short Notice	66,899	58,385
72,410	64,210		72,932	64,441

5 INVESTMENT SECURITIES

Foreign Currencies were converted at the mid-rate ruling at the end of the financial year

154,550	58,217	Foreign Currency Securities	154,550	58,217
74,868	64,470	Eastern Caribbean Currency Securities	73,109	67,201
–	–	Other	339	323
229,418	126,687		227,998	125,741

6 LOANS AND ADVANCES

Loans and Advances are shown net of provision for possible loan losses as follows: -

536,659	496,056	Loans and Advances	546,007	502,837
(26,000)	(23,000)	Provision for Doubtful Debts	(26,000)	(23,000)
510,659	473,053		520,007	479,837

Notes to the Accounts

for the year ended 30 June 2001

7 PREMISES AND EQUIPMENT

BANK			GROUP	
2001 \$000	2000 \$000		2001 \$000	2000 \$000
13,816	13,627	Freehold Premises	18,527	18,167
328	263	Furniture and Fittings	677	744
2,776	2,409	Equipment	3,805	3,498
164	225	Vehicles	310	461
17,084	16,524		23,319	22,870

8 SHARE CAPITAL

(a) Authorised

135,000	25,000	135,000,000 Ordinary Shares of \$1 each (2000: 25,000,000 Ordinary Shares of \$1 each)	135,000	25,000
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(b) Issued and Fully Paid

45,000	9,000	45,000,000 Ordinary Shares of \$1 each (2000: 9,000,000 Ordinary Shares of \$1.00 each)	45,000	9,000
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At an Extra Ordinary General Meeting of the Company held on May 31, 2001 it was resolved that the Authorised Share Capital of the Company be increased to \$135,000,000 by the creation of 110,000,000 new shares of \$1 each.

It was also resolved that a Bonus issue of \$36,000,000 be made by allotting four (4) new shares for every one held at the time of issue.

The Bonus issue was fully paid up out of the Reserves of the Company.

Notes to the Accounts

for the year ended 30 June 2001

9 RESERVES

	Transferred From Profit and Loss Account \$000	Transferred From Funds and Reserves Account \$000	2001 \$000	2000 \$000
General Reserves	6,000	(36,000)	17,527	47,527
Other Reserves	–	–	4,383	4,383
Insurance Funds And Reserves	876	(980)	7,676	7,780
	<u>6,876</u>	<u>(36,980)</u>	<u>29,586</u>	<u>59,690</u>

Other Reserves includes the surplus arising on the valuation of the Trust Company's land at Camps Estate.

10 SUBSIDIARIES

- (a) The National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited is a wholly owned subsidiary of the Bank. The Authorised Share Capital of the Trust Company is 10,000,000 shares of \$1.00 each of which 5,000,000 are issued and fully paid.
- (b) The National Caribbean Insurance Company Limited has an Authorised Share Capital of 1,000,000 Shares of \$1.00 each. The issued and fully paid up Ordinary Share Capital of \$250,000 is wholly owned by the National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited.

In 1992 St. Kitts-Nevis-Anguilla National Bank Limited bought 750,000 \$1 - 7% Preference Shares, 500,000 of which were redeemed on June 30, 1999, reissued and became redeemable on June 30, 2000 and 250,000 by June 30, 2001.

The Insurance Company intends to increase its authorised and issued share capital. Its parent company, National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited has placed the sum of EC\$5,150,000 with the company for the purpose of acquiring 5,150,000 shares of \$1 each, when the share capital of its wholly owned subsidiary, National Caribbean Insurance Company Limited is increased.

- (c) The Actuary has given his Solvency Certificate to the Insurance Company which states that the Liabilities under Unmatured Life, Industrial Assurance and Sinking Fund Policies do not exceed the amount of the Life Assurance Fund.

Notes to the Accounts

for the year ended 30 June 2001

11 FINANCIAL COMMITMENTS

The Bank has guaranteed certain credit card limits on behalf of customers with the Caribbean Credit Card Corporation amounting to approximately \$4.097M at June 30, 2001 (2000 - \$4.097M).

As at June 30, 2001 the Bank was committed to make loans and advances amounting to approximately \$54,360,000 (2000 - \$14,898,000).

12 CAPITAL COMMITMENTS

At June 30, 2001 the Trust Company was committed to the development of a housing project "Ocean Gardens" at Camps Estate, St Kitts at an estimated cost of \$8,500,000.

Commitments in respect of contracts placed amounted to \$406,202 (2000 - \$459,645).

13 SUBSEQUENT EVENT

On 12 October 2001, the Bank issued a Prospectus for the sale of 36,000,000 shares. The terms and conditions of the Issue are given in the Prospectus. The Issue has been oversubscribed by 21%. The Government majority shareholding was lowered from 60% to 51% and consequently all other subscriptions but one from a statutory corporation were allotted in full.