

# AUDITORS' REPORT

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

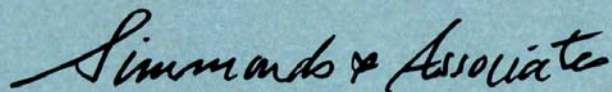
We have audited the financial statements on pages 27 to 38 which have been prepared under the historical cost convention and the accounting policies set out on pages 31 to 33.

As described on page 25 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company'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 of the Group as at June 30, 2002 and of the profit of the Group for the year then ended.



SIMMONDS AND ASSOCIATES  
Chartered Accountant

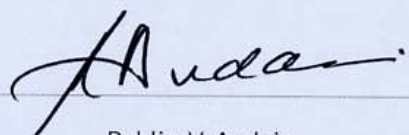
St Kitts  
October 25, 2002

**BALANCE SHEET**

as at 30 June 2002

BANK			Notes	GROUP	
2002	2001			2002	2001
\$'000	\$'000			\$'000	\$'000
<b>ASSETS</b>					
<b>CASH RESOURCES</b>					
124,371	72,410	Cash and Short Term Funds	4	125,102	72,932
43,033	37,785	Special Deposit		44,401	39,046
250,998	229,418	Investment Securities	5	249,595	227,998
<b>418,402</b>	<b>339,613</b>			<b>419,098</b>	<b>339,976</b>
<b>CUSTOMERS' AND OTHER ACCOUNTS</b>					
498,862	510,659	Loans and Advances (net of provision)	6	506,948	520,007
4,580	9,389	Customers' Liability under Acceptances, Guarantees and Letters of Credit		4,580	9,389
4,464	5,301	Other Assets		11,118	11,078
<b>507,906</b>	<b>525,349</b>			<b>522,646</b>	<b>540,474</b>
<b>INVESTMENTS AND FIXED ASSETS</b>					
12,774	10,233	Investments		11,071	7,946
16,938	17,084	Premises and Equipment	7	22,908	23,319
29,712	27,317			33,979	31,265
<b>956,020</b>	<b>892,279</b>	<b>TOTAL ASSETS</b>		<b>975,723</b>	<b>911,715</b>
<b>LIABILITIES</b>					
768,732	769,550	Deposits and Customers' Current Accounts		719,243	726,311
45,249	26,278	Accumulated Provisions, Creditors and Accruals		102,922	79,336
4,580	9,389	Customers' Liability under Acceptances, Guarantees and Letters of Credit		4,580	9,389
10,000	10,000	Deferred Credit	3	10,000	10,000
<b>828,561</b>	<b>815,217</b>			<b>836,745</b>	<b>825,036</b>
<b>CAPITAL RESOURCES</b>					
81,000	45,000	Issued Share Capital	8	81,000	45,000
3,877	167	Share Premium		3,877	167
40,000	20,000	Reserves	9	50,843	29,586
2,582	11,895	Retained Profits		3,258	11,926
127,459	77,062	Shareholders' Funds		138,978	86,679
<b>956,020</b>	<b>892,279</b>	<b>TOTAL LIABILITIES AND CAPITAL RESOURCES</b>		<b>975,723</b>	<b>911,715</b>

Director



Rublin V Audain

Director



Mitchell Gumbs

The attached notes form part of these Accounts

**PROFIT AND LOSS ACCOUNT**

for the year ended 30 June 2002

BANK			Notes	GROUP	
2002	2001			2002	2001
\$'000	\$'000			\$'000	\$'000
78,004	83,176	INCOME		88,393	93,461
(50,416)	(50,902)	EXPENSES	1	(58,446)	(61,044)
27,588	32,274			29,947	32,417
(427)	(665)	Prior Year Adjustment	2	(427)	(554)
-	(10,000)	Deferred Profit for Year		-	(10,000)
27,161	21,609	PROFIT BEFORE TAXATION		29,520	21,863
(8,374)	(6,575)	TAXATION		(8,832)	(6,686)
18,787	15,034	NET EARNINGS		20,688	15,177
11,895	5,561	Retained Profits brought Forward		11,926	6,325
30,682	20,595	PROFIT ATTRIBUTABLE TO SHAREHOLDERS		32,614	21,502
(8,100)	(2,700)	DIVIDENDS PROPOSED		(8,100)	(2,700)
(20,000)	(6,000)	RESERVES		(21,256)	(6,876)
<b>2,582</b>	<b>11,895</b>	<b>RETAINED PROFITS CARRIED FORWARD</b>		<b>3,258</b>	<b>11,926</b>

*The attached notes form part of these Accounts*

**CASH FLOW STATEMENT**

for the year ended 30 June 2002

BANK			GROUP	
2002	2001		2002	2001
\$'000	\$'000		\$'000	\$'000
53,286	135,225	<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	54,500	134,585
		<b>SERVICING OF FINANCE</b>		
(2,700)	(2,700)	Dividend Paid	(2,700)	(2,700)
		<b>TAXATION</b>		
(7,393)	(3,728)	Taxation Paid	(7,409)	(3,768)
		<b>INVESTING ACTIVITIES</b>		
(2,541)	(541)	Sales/(Purchases) of Investment	(3,125)	312
(1,574)	(1,999)	Purchase of Fixed Assets	(1,855)	(2,239)
(4,115)	(2,540)	<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(4,980)	(1,927)
		<b>FINANCING</b>		
36,000	-	Share Issue	36,000	-
3,711	-	Share Premium	3,711	-
39,711	-	<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	39,711	-
<b>78,789</b>	<b>126,257</b>	<b>NET CASH INFLOW</b>	<b>79,122</b>	<b>126,190</b>

*The attached notes form part of these Accounts*

**Notes to the Cash Flow Statement**

for the year ended 30 June 2002

BANK			GROUP	
2002	2001		2002	2001
\$'000	\$'000		\$'000	\$'000
<b>1. RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES</b>				
27,587	32,274	Net Profit for the Year	29,947	32,417
837	(2,021)	(Increase)/Decrease in Other Assets	(40)	100
12,589	(1,394)	Increase/(Decrease) Accumulated Provisions, Creditors and Accruals	16,763	2,887
-	-	Transfers from Reserves	67	(1,090)
1,650	1,438	Depreciation	2,128	1,892
71	-	Disposal of Fixed Assets	71	8
(427)	(665)	Prior Year Adjustment	(427)	(554)
<b>42,307</b>	<b>29,632</b>	<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>48,509</b>	<b>35,660</b>
(818)	143,198	Net Increase/(Decrease) in Deposits	(7,068)	139,095
11,797	(37,605)	Net (Increase)/Decrease in Loans	13,059	(40,170)
<b>53,286</b>	<b>135,225</b>	<b>NET CASH INFLOW FROM TRADING ACTIVITIES</b>	<b>54,500</b>	<b>134,585</b>
<b>2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>				
339,613	213,356	Balance at Beginning of Year	339,976	213,786
78,789	126,257	Net Cash Inflow	79,122	126,190
<b>418,402</b>	<b>339,613</b>	<b>Balance at End of Year</b>	<b>419,098</b>	<b>339,976</b>