PricewaterhouseCoopers

Barbados Banking Industry
2000 Performance Highlights

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Introduction

These performance highlights are produced annually by PricewaterhouseCoopers East Caribbean as part of our continuing service to the financial services industry. A listing of our financial services specialists, who would be pleased to respond to your inquiries, is included below.

Antigua

P.O. Box 1531, 11 Old Parham Road, St. John's
Tel: (268) 462-3000; Fax: (268) 462-1902

Donald Ward/Charles Walwyn/Robert Wilkinson

Barbados

The Financial Services Centre
P.O. Box 111, Bishop's Court Hill, St. Michael
Tel: (246) 436-7000/431-2700; Fax: (246) 436-1275/429-3747

Assurance and Business Advisory Services

Anthony Ellis /Marcus Hatch/Maurice Franklin/Graham Kirby/
Lindell Nurse/Andrew Marryshow/Michael Bynoe

Financial Advisory Services

William Hutchinson/Brian Robinson

Tax and Legal Services

Wayne Fields/Maria Robinson/Charles Tibbits/Paul Tadros

Management Consulting Services

Christopher Sambrano

British Virgin Islands

P.O. Box 3339, Road Town, Tortola
Tel: (284) 494-4388; Fax: (284) 494-3088

Meade Malone

Grenada

P.O. Box 124, The Carenage, St. George's
Tel: (473) 440-2127; Fax: (473) 440-4131

Colin Dathorne

St. Lucia

P.O. Box 195, Pointe Seraphine, Castries
Tel: (758) 452-2511; Fax: (758) 452-1061

Anthony Atkinson/Richard Peterkin

We hope you continue to find this publication interesting and informative. Please write at the above address or e-mail us at firstname.lastname@bb.pwcglobal.com with any comments or suggestions

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Basis of Preparation

The intent of this publication is to provide a quick reference guide and summary analysis of the 2000 financial results of the 7 commerical banks operating in Barbados. The publication does not deal with the results of offshore banking operations. All information is, or is derived from, publicly available information.

The financial information for each banking institution includes the results of related trust and mortgage companies where applicable. Details of the entities included are shown in Appendix V. It should be noted that the year ends of the Canadian banks are October 31 and December 31 for other banks.

When considering these highlights, it must be borne in mind that although International Accounting Standards are used, banks may have differing accounting policies which will not necessarily be consistent with each other. The degree of parent bank support, where applicable, differs amongst the banks and could significantly affect analysis and interpretation of the financial information published. We have adjusted the balance sheets to provide consistent disclosure of off balance sheet items. Readers must therefore consider the implications of these matters carefully before drawing any conclusions.

PricewaterhouseCoopers believes the information included in this analysis to be reliable, but accepts no responsibility for actions taken on the basis of information displayed in the publication.

The Economic Environment

2000 witnessed an expansion in real economic activity for the eighth consecutive year coupled with an all-time low unemployment rate and the highest level of Net International Reserves (NIR) since published data was compiled. In contrast to the previous year, traded sectors, particularly sugar and tourism spurred economic growth, and not the non-traded sector of construction, which was the chief contributor to the economy's expansion in 1999. Increase in activity for the traded sector was estimated at 5.2% compared with 3% for the non-traded sector.

Despite a lull in 1999, tourism made a recovery showing an increase of 5.9% in long stay visitors. Once again, the UK was the main market for long stay tourists, accounting for 41% of total arrivals. Significantly, the number of visitors from the United States increased by 7.8%, after exhibiting an annual average decline of 1.5% for the previous 9 years. Conversely, visitors from Germany and other European countries showed a decline, which was attributed to reduced air-lift capacity. Cruise ship passengers grew by 23.2% during 2000, contrasting 1999's 14.6% decline, but overall this reflected an average growth rate of 2% over the past 5 years.

Sugar output rose by 9.7% to 58,400 tonnes in 2000 while the non-sugar sector also increased by 5.5%. The construction sector expanded by 4%, a reduction from 1999's 5.7% growth.

Real output in the manufacturing sector declined for the second consecutive year as the industry was further exposed to regional and international competition. Gains were recorded only for garments, electronics and non-metallic mineral products.

The offshore industry showed an increase in licences for international business companies from 617 in 1999 to 621 in 2000. Indeed, despite the OECD's initiatives all major categories of companies in that sub-sector increased. Foreign sales corporations however, experienced a decline in registrants from 249 in 1999 to 118 in 2000. This was due to the effects in the U.S of WTO directives.

NIR showed a dramatic increase to $949.5 million, well above $612.8 million in 1999. This resulted primarily from an international bond issue of $200 million as well as long-term private inflows of $309 million provided for tourism related and public utilities projects. There was an increased level of liquidity making it possible for demand deposits and private sector credit to grow by 8.5% and 3% respectively. To combat the excess liquidity, the Central Bank reduced the minimum savings deposit rate to 4.5% and lowered the securities requirement by one percentage point to 19%.

Real economic activity for 2001 is expected to grow by 2% to 2.5%. Despite challenges facing the manufacturing and agriculture sectors in terms of competing on the world market, the boost in real GDP is expected to result from the construction sector due to proposed private and public sector projects. This, along with an anticipated growth in tourism, is expected to contribute to the growth in other industries. It is not expected that OECD initiatives will significantly affect the international business sector in the medium term. The NIR are however expected to fall and the fiscal deficit is expected to remain close to the 1999 level of approximately 2% of GDP.

(The above summary is based on the Central Bank of Barbados' review of the economy)

Industry Challenges and Growth Opportunities

The following comments are not intended to be an exhaustive list of all the challenges and opportunities facing local banks but rather an analysis of some of the more significant matters which need to be addressed to ensure continued viability. The factors mentioned here are not necessarily considered short term but may be rather important over the longer term. With this in mind although our 1999 challenges and opportunities are still considered relevant we have chosen not to repeat them here in detail. In summary, in 1999 we reported on:

Liquidity - the necessity to look for alternative means of funding and consider offering different investment type products to depositors.

Investment alternatives - allowing banks to invest outside the Barbados market in foreign currency denominated financial instruments thereby also potentially increasing their investment yields and as a consequence the returns paid to depositors.

Mergers and strategic alliances - as these continue in the global banking industry local banks cannot ignore the implications for doing business. These include not only other banks but alliances with insurance companies and certain non-financial institutions.

Technology and the internet - global change will again necessitate that local banks consider the new channels of service delivery being made possible by technological developments and the needs and preferences of their customers.

The ongoing discourse between Caribbean states and organisations such as the Financial Stability Forum, Organisation for Economic Cooperation and Development and Financial Action Task Force must be of significant importance to the banking industry, for although Barbados is not mentioned in some of these negative lists, there are implications with respect to entering into relationships with correspondent banks if a jurisdiction or the region is blacklisted. There may also be implications for the growth of banks' offshore operations. This is an area however that is largely out of the control of the banking institutions but is nevertheless an area that will have to be continuously monitored until 2005.

A corollary of the above issue is compliance with the increased legislation and regulation that has evolved particularly with respect to the prevention of money laundering. In the case of Barbados, during the year the Anti-Money Laundering Act and Guidelines have been issued and the Anti-Money Laundering Authority formed. Approval as a qualified intermediary under US Internal Revenue Service guidelines, where they are applicable, is also dependent upon compliance with the "Know Your Customer" rules.

The entry of new players into the market may be something that banks will have to consider on the horizon. It is unlikely at this time that these will be retail banks but the recent establishment of Citicorp Merchant Bank, is testimony to the fact that this is a strong reality. Such entities may provide competition in the corporate loan market and also introduce services not being currently offered by commercial banks. The flip side of this could be a growth opportunity for banks to move away from strict retail banking activities.

Existing players like credit unions do not, in our view, pose a significant threat to the commercial banks, at this time, as their gross assets in aggregate are less than 10% of the banks' assets and the largest credit union is smaller than the smallest commercial bank in terms of asset size. However the credit unions do cater to a large cross section of members and are becoming more advanced in the types of services and products being offered to their members. Recent events show that they have also recognised they must work together as part of one umbrella organisation.

The experience of banks varies on the management of credit card operations but most banks outsource these operations. Credit card loans outstanding are generally low in dollar amount compared to total loan portfolios but credit card transactions because of their nature are generally for low individual amounts and are high frequency. This means that they are highly susceptible to losses. Credit risk issues arise not only on individual cardholder balances but also on card clearing accounts with other counterparties . The latter is perhaps of greater concern as these accounts need to be reconciled promptly and cleared.

Globalization and the need for transparency has seen a move towards the harmonization of accounting standards worldwide to facilitate, amongst other things, the cross-listing of companies on the various stock exchanges and greater freedom of movement of capital. Local banks will need to comply with accounting standards that are becoming more stringent and complex, as evidenced by the implementation in 1999 of IAS 19 - Employee Benefits. 2001 will see the advent of IAS 39 - Financial Instruments which will require banks to use fair value accounting for certain investments and derivative instruments and require all investments to be classified into various categories. Banks will need to consider at an early stage the impact on their reported financial results, as changes in the fair values of these instruments will (unless they are hedges) immediately impact earnings as well as the balance sheet . The standard takes effect for accounting periods beginning January 1, 2001 so that banks with December 31, 2001 year ends will be the first affected and should already have put the necessary changes into place.

The banking sector controls a significant amount of cash for investment and lending and how they use these resources to stimulate the local economy and capital market will be of interest. Banks must be seen by the public they serve as a friendly partner, hence adequate returns to depositors and alternative products will have to be offered as well as the facilitation of public education in the use of ATMs, debit and credit cards and other technology. Generally management of the public's perception will increase in importance as awareness of the size and influence of the banking sector increases.

After a number of years of economic growth a slow down appears to be on the horizon. This may impact negatively on growth of banks themselves particularly with respect to consumer loans. There may also be a risk of increased delinquency and tightening of credit measures.

Finally, as banks review their operations and seek to be able to respond rapidly to change, the whole area of corporate governance and the roles and responsibilities of directors and management assume more importance. Particular emphasis will need to be placed on transparency, compliance risk and the management of traditional banking risks. There will also need to be mechanisms in place to ensure that internal audit departments or other similar functions play a role in monitoring these areas.

Analysis of 2000 Results

This is an overview of the 2000 results of all the banks and is intended to be read in conjunction with the detailed information in Appendices I - III.

Income statement

Interest income

Total interest income increased from $404 million in 1999 to $442 million in 2000. Loan income continued to be the highest contributor at about 78% of total income in both years. Barclays Bank recorded the highest total interest income of $89 million for year 2000 (1999- $79 million). For the second consecutive year, the highest increase in interest income was held by Bank of Nova Scotia, with an increase of 18% from $72 million to $85 million. All the banks experienced increases in total interest income except for CIBC Caribbean, which experienced a decline to $74 million from being the leader at $81 million in 1999.

Interest expense

Total interest expense increased 19% from $161 million in 1999 to $191 million in 2000. Interest on customer deposits increased 14% from $147 million in 1999 to $167 million in 2000. Barclays Bank led the way with a deposit interest expense of $38 million (1999 -$29 million) showing the highest increase of 34% whilst Barbados National Bank experienced a 5% reduction.

Other income

Other income continued to be an important source of revenue and rose 14% to $116 million or 21% of total income generated by banks. Fees and commissions showed a significant change of 13% to $51.5 million (1999- $45.4 million). Foreign exchange income rose by 7% to $55.8 million from $52 million in 1999 and 1998. Once again, Barclays had the largest amount of other income reaching $31 million (1999 - $25.7 million), driven by a 45% increase in fees and commissions income. Following was Royal Bank of Canada with $20.1 million (1999 - $17.7 million). All other banks recorded growth in this sector with the exception of CIBC Caribbean, which fell by 4%. Foreign exchange income remained the most significant component of other income at 48%(1999 - 51%).

Provision for credit losses

Provision for credit losses increased by 7% from $18.7 million in 1999 to $19.9 million in 2000. For the second consecutive year CIBC Caribbean and Barclays Bank recorded the highest charges of $11.3 million and $3.7 million respectively. All the banks except Bank of Nova Scotia and Royal Bank of Canada had better loan loss experience this year in that charges declined. Bank of Nova Scotia experienced an increase from $1.2 million to $2.3 million.

Other non-interest expenses

Net other non-interest expenses (i.e. net of the provision for credit losses) showed a increase to $242 million from $238 million in 1999. While salaries and staff benefits were the major component once again, it showed a decrease of 3% to $93 million (1999 - $95.1 million). CIBC Caribbean, Bank of Nova Scotia, Barbados National Bank and Caribbean Commercial Bank were the banks showing increases in salaries and staff benefits. Other expenses showed a 6% increase (1999 - 16%) and moved from an average of 33% of other non-interest expenses in 1999 and 1998, to 34% in 2000.

Taxation

Aggregate effective tax charges rose from 19% in 1999 to 21% in 2000. All banks had higher tax charges except for CIBC Caribbean Limited. It should be appreciated however that tax charges can vary based on the nature of income and tax allowable items.

Net income for the year

Net income for the year rose by 13% from 1999's $86.4 million to $98 million. The results of the individual banks showed that Royal Bank of Canada had the highest net income for 2000 at $26.9 million (1999 - $18.4 million), followed by Bank of Nova Scotia and Barbados National Bank, earning a net income of $24.6 million (1999 - $21.3 million) and $19.9 million (1999 - $17.2 million) respectively. In fact, six out of the seven banks recorded an increase in their net income with the exception CIBC Caribbean, which fell by 45% from $13.7 million in 1999 to $7.5 million. Whilst some banks had better year on year performance in 1999 vis-à-vis 1998, the overall aggregate industry experience for 2000 reflected better performance.

Balance sheet

Cash resources

These include deposits with the Central Bank and other banks as well as cash on hand. Cash resources fell by 3% from $878 million to $853 million. Royal Bank of Canada experienced a 27% fall in their cash resources but still retained a figure of $333 million, which surpassed by far any of the other six banks. This was also the case in 1999. CIBC Caribbean Limited recorded the highest change in this sector, rising by 35% to $123 million (1999 - $91.3 million). Barbados National Bank and Barclays Bank showed increases by 38% to $116 million (1999 - $84 million) and 29% to $162 million (1999 - $125 million) respectively.

Securities

Securities for 2000 were $984 million, rising by 17% above the 1999 figure of $838 million. Once again, Barbados National Bank had the highest level of securities at $273 million, 23% above the 1999 figure of $222 million. Barclays Bank was second once again with securities totaling $174 million, a 9% rise above its 1999 figure of $159 million. Despite having the lowest amount of securities in 1999, Mutual Bank recorded the highest change of 45% from $35 million to $51 million. CIBC Caribbean Limited was the only bank to record a fall in their securities. These declined by 4% compared to a 2% increase in 1999.

Loans

Loans increased 5% from $3 billion to $3.1 billion in 2000. For the second consecutive year, Barclays Bank held its position as leader having loans outstanding of $710 million, or 23% of total outstandings. Bank of Nova Scotia, Barbados National Bank and Caribbean Commercial Bank all showed increases between 11% and 12% in their portfolios. CIBC Caribbean limited and Mutual Bank showed decreases of 4% and 3% respectively.

Deposits

Deposits rose by 3% in 2000 from $4.3 billion to $4.4 billion. Only 2 banks showed an increase above 10%; Bank of Nova Scotia, an 11% rise to $602 million and Caribbean Commercial Bank, a 12% rise to $219 million. All the other banks recorded slight increases over the previous year except for Royal Bank of Canada, which fell by 9% from $897 million to $818 million.

Barbados Banking Industry 2000
Performance Highlights

Appendix I

Income Statement Highlights
(In thousands of Barbados dollars)

Income Statement Highlights (In thousands of Barbados dollars)	Bank of Nova Scotia			Barbados National Bank			Barclays Bank			Caribbean Commercial Bank		
	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change
Interest income												
Loans	73,129	63,746	15%	58,519	49,082	19%	70,801	61,251	16%	21,180	18,101	17%
Securities	8,123	6,905	18%	17,541	18,550	-5%	11,890	11,259	6%	5,369	4,467	20%
Other	3,704	1,436	158%	383	366	5%	6,190	6,101	1%	321	643	-50%
Total interest income	**84,956**	**72,087**	**18%**	**76,443**	**67,998**	**12%**	**88,881**	**78,611**	**13%**	**26,870**	**23,211**	**16%**
Interest expense												
Deposits	21,751	17,795	22%	25,433	26,646	-5%	38,508	28,663	34%	9,861	9,488	4%
Other	12,063	9,351	29%	7,289	363	1908%	1,583	1,562	1%	2,328	644	261%
Total interest expense	**33,814**	**27,146**	**25%**	**32,722**	**27,009**	**21%**	**40,091**	**30,225**	**33%**	**12,189**	**10,132**	**20%**
Net interest income	**51,142**	**44,941**	**14%**	**43,721**	**40,989**	**7%**	**48,790**	**48,386**	**1%**	**14,681**	**13,079**	12%
Other income												
Fees and commissions	9,207	8,223	12%	8,975	7,259	24%	12,139	8,367	45%	3,878	2,813	38%
Foreign exchange	9,052	7,903	15%	3,648	3,764	-3%	18,620	17,148	9%	2,083	2,014	3%
Dividend and other	676	396	71%	2,114	1,443	47%	243	210	16%	394	182	116%
Total other income	**18,935**	**16,522**	**15%**	**14,737**	**12,466**	**18%**	**31,002**	**25,725**	21**%**	**6,355**	**5,009**	**27%**
Other non-interest expenses												
Salaries and staff benefits	15,346	14,503	6%	16,601	15,952	4%	20,910	24,625	-15%	6,167	5,158	20%
Provision for credit losses	2,333	1,233	89%	801	903	-11%	3,698	3,710	0%	1,232	1,378	-11%
Other expenses	5,672	6,988	-19%	11,415	10,697	7%	25,275	17,766	42%	8,188	8,156	0%
Premises and equipment expenses	7,984	4,376	82%	3,978	4,159	-4%	7,482	8,643	-13%	-	-	-
Depreciation	2,152	2,543	-15%	4,768	4,237	13%	3,908	4,541	-14%	2,015	1,312	54%
Total non interest expenses	**33,487**	**29,643**	**13%**	**37,563**	**35,948**	**4%**	**61,273**	**59,285**	**3%**	**17,602**	**16,004**	**10%**
Income before taxation	36,590	31,820	15%	20,895	17,507	19%	18,519	14,826	25%	3,434	2,084	65%
Taxation	(12,022)	(10,507)	14%	(988)	(280)	253%	(4,069)	(2,770)	47%	(767)	(101)	659%
Net income for the year	**24,568**	**21,313**	**15%**	**19,907**	**17,227**	**16%**	**14,450**	**12,056**	20**%**	**2,667**	**1,983**	**34%**
Changes in Retained Earnings												
Retained earnings (deficit) beginning of year	46,058	20,791	122%	32,205	19,148	68%	29,375	28,563	3%	4,159	2,781	50%
Prior year adjustments	-	-	-	-	-	-	31,150	-	-	1,035	-	-
Net income for the year	24,568	21,313	15%	19,907	17,227	16%	14,450	12,056	20%	2,667	1,983	34%
Transfer to reserve fund	(49)	(46)	7%	(4,629)	(4,170)	11%	-	(1,000)	-	(546)	(405)	35%
Earnings remitted during the year/dividends	-	-	-	(4,320)	-	-	(70,328)	(10,244)	587%	-	(200)	-
Transfer to(from) retained earnings	-	4,000	-	(532)	-	-	-	-	-	-	-	-
Retained earnings (deficit) end of year	**70,577**	**46,058**	**53%**	**42,631**	**32,205**	**32%**	**4,647**	**29,375**	**-84%**	**7,315**	**4,159**	**76%**

Income Statement Highlights (In thousands of Barbados dollars)	CIBC Caribbean Limited			Mutual Bank			Royal Bank of Canada			Total		
	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change
Interest income												
Loans	61,275	67,597	-9%	13,903	13,083	6%	44,664	38,733	15%	343,471	311,593	10%
Securities	9,423	9,928	-5%	2,504	2,521	-1%	29,178	26,515	10%	84,028	80,145	5%
Other	3,103	3,254	-5%	484	569	-15%	-	-	-	14,185	12,369	15%
Total interest income	**73,801**	**80,779**	**-9%**	**16,891**	**16,173**	**4%**	**73,842**	**65,248**	**13%**	**441,684**	**404,107**	**9%**
Interest expense												
Deposits	33,166	31,288	6%	6,987	6,512	7%	31,440	26,757	18%	167,146	147,149	14%
Other	75	551	-86%	349	248	41%	-	666	-	23,687	13,385	77%
Total interest expense	**33,241**	**31,839**	**4%**	**7,336**	**6,760**	**9%**	**31,440**	**27,423**	**15%**	**190,833**	**160,534**	**19%**
Net interest income	**40,560**	**48,940**	**-17%**	**9,555**	**9,413**	**2%**	**42,402**	**37,825**	**12%**	**250,851**	**243,573**	3%
Other income												
Fees and commissions	8,724	10,078	-13%	4,128	3,486	18%	4,496	5,206	-14%	51,547	45,432	13%
Foreign exchange	9,087	8,454	7%	2,513	2,144	17%	10,756	10,814	-1%	55,759	52,241	7%
Dividend and other	-	1	-100%	-	-	-	4,844	1,634	196%	8,271	3,866	114%
Total other income	**17,811**	**18,533**	**-4%**	**6,641**	**5,630**	**18%**	**20,096**	**17,654**	**14%**	**115,577**	**101,539**	**14%**
Other non-interest expenses												
Salaries and staff benefits	18,238	17,884	2%	4,503	4,670	-4%	10,837	12,310	-12%	92,602	95,102	-3%
Provision for credit losses	11,279	11,489	-2%	(165)	200	-183%	746	(250)	398%	19,924	18,663	7%
Other expenses	13,236	14,900	-11%	5,415	5,081	7%	12,362	13,000	-5%	81,563	76,588	6%
Premises and equipment expenses	4,103	5,194	-21%	1,710	1,246	37%	-	-	-	25,257	23,618	7%
Depreciation	5,013	4,820	4%	2,197	2,460	-11%	3,024	4,459	-32%	23,077	24,372	-5
Total non interest expenses	**51,869**	**54,287**	**-4%**	**13,660**	**13,657**	**0%**	**26,969**	**29,519**	**-9%**	**242,423**	**238,343**	**2%**
Income before taxation	6,502	13,186	-51%	2,536	1,386	83%	35,529	25,960	37%	124,005	106,769	16%
Taxation	985	477	-106%	(466)	419	211%	(8,661)	(7,566)	14%	(25,988)	(20,328)	28%
Net income for the year	**7,487**	**13,663**	-45%	**2,070**	**1,805**	**15%**	**26,868**	**18,394**	**46%**	**98,017**	**86,441**	**13%**
Changes in Retained Earnings												
Retained earnings (deficit) beginning of year	(813)	(1,106)	-26%	(3,773)	(5,127)	-26%	39,364	36,942	7%	146,575	101,992	44%
Prior year adjustments	-	-	-	-	-	-	*(1,780)	-	-	30,405	-	-
Net income for the year	7,487	13,663	-45%	2,070	1,805	15%	26,868	18,394	46%	98,017	86,441	13%
Transfer to reserve fund	(1,772)	(3,620)	-51%	-	-	-	-	-	-	(6,996)	(9,241)	-24%
Earnings remitted during the year/dividends	(4,537)	(9,750)	-53%	(517)	(451)	15%	(20,851)	(15,972)	31%	(100,553)	(36,617)	175%
Transfer to(from) retained earnings	-	-	-	-	-	-	-	-	-	(532)	4,000	113%
Retained earnings (deficit) end of year	**365**	**(813)**	**-145%**	**(2,220)**	**(3,773)**	**-41%**	**43,601**	**39,364**	**11%**	**166,916**	**146,575**	**14%**

* Royal Bank of Canada Financial Corporation included in 1999 results but not in 2000.

Appendix II

Balance Sheet Highlights
(In thousands of Barbados dollars)

	Bank of Nova Scotia			Barbados National Bank			Barclays Bank			Caribbean Commercial Bank			CIBC Caribbean Limited			Mutual Bank			Royal Bank of Canada			Total		
	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change	2000	1999	Change
Assets																								
Cash resources	67,774	73,770	-8%	116,014	84,122	38%	162,118	125,432	29%	28,282	25,585	11%	123,104	91,345	35%	22,830	24,483	-7%	332,704	452,816	-27%	852,826	877,553	-3%
Securities	140,592	111,973	26%	272,902	221,870	23%	174,247	159,377	9%	43,836	37,025	18%	132,088	137,927	-4%	51,245	35,303	45%	169,031	134,626	26%	983,941	838,101	17%
Loans	631,966	571,373	11%	558,968	498,930	12%	709,920	676,397	5%	183,058	164,586	11%	558,170	580,462	-4%	119,829	123,203	-3%	345,701	343,342	1%	3,107,612	2,958,293	5%
Other assets																								
Customers' liability under acceptances, guarantees and LCs	43,537	36,987	18%	5,918	2,915	103%	53,480	46,552	15%	4,140	4,650	0%	153,043	139,985	9%	1,140	893	28%	18,659	23,047	-19%	279,917	255,029	10%
Property, plant and equipment	27,499	25,478	8%	67,520	64,176	5%	26,431	26,866	-2%	17,967	17,945	0%	30,442	33,042	-8%	7,564	5,510	37%	25,307	19,749	28%	202,730	192,766	5%
Current accounts with head office	-	-	-	-	-	-	-	28,652	-100%	-	-	-	-	-	-	-	-	-	-	-	-	-	28,652	-100%
Other	7,762	6,798	14%	18,334	10,590	73%	66,207	24,953	165%	17,574	15,929	10%	90,602	77,138	17%	5,565	6,085	-9%	5,317	3,600	48%	211,361	145,093	46%
Total assets	**919,130**	**826,379**	**11%**	**1,039,656**	**882,603**	**18%**	**1,192,403**	**1,088,229**	**10%**	**294,857**	**265,720**	**11%**	**1,087,449**	**1,059,899**	**3%**	**208,173**	**195,477**	**6%**	**896,719**	**977,180**	**-8%**	**5,638,387**	**5,295,487**	**6%**
Liabilities and equity																								
Deposits	601,685	543,754	11%	770,109	754,769	2%	1,019,272	941,860	8%	218,600	195,953	12%	801,384	782,862	2%	173,545	166,103	4%	818,053	897,328	-9%	4,402,648	4,282,629	3%
Other liabilities																								
Acceptance, guarantees and LCs	43,537	36,987	18%	5,918	2,915	103%	53,480	46,552	15%	4,140	4,650	-11%	153,043	139,985	9%	1,140	893	28%	18,659	23,047	-19%	279,917	255,029	10%
Other	37,185	68,539	-46%	138,248	15,125	814%	97,799	57,379	70%	31,967	29,014	10%	28,156	36,103	-22%	11,067	8,131	36%	11,802	10,837	9%	356,224	225,128	58%
Total liabilities	**682,407**	**649,280**	**5%**	**914,275**	**772,809**	**18%**	**1,170,551**	**1,045,791**	**12%**	**254,707**	**229,617**	**11%**	**982,583**	**958,950**	**2%**	**185,752**	**175,127**	**6%**	**848,514**	**931,212**	**-9%**	**5,038,789**	**4,762,786**	**6%**
Equity/ Head Office account																								
Share capital	2,108	2,108	0%	48,000	47,468	1%	2,005	2,005	0%	27,797	27,797	0%	-	-	-	22,799	22,799	0%	-	-	-	102,709	102,177	1%
Assigned capital	4,000	4,000	0%	-	-	-	4,000	4,000	0%	-	-	-	-	4,000	-	-	-	-	4,604	4,604	0%	12,604	16,604	-24%
Loans from Head Office	155,582	120,526	29%	-	-	-	-	-	-	-	-	-	83,881	78,913	6%	-	-	-	-	-	-	239,463	199,439	20%
Reserve fund	282	233	21%	34,750	30,121	15%	10,335	6,193	67%	5,038	4,147	21%	20,620	18,849	9%	1,842	1,324	39%	-	2,000	-100%	72,867	62,867	16%
Revaluation surplus	4,174	4,174	0%	-	-	-	865	865	0%	-	-	-	-	-	-	-	-	-	-	-	-	5,039	5,039	-
Retained earnings (deficit)	70,577	46,058	53%	42,631	32,205	32%	4,647	29,375	-84%	7,315	4,159	76%	365	(813)	-145%	(2,220)	(3,773)	-41%	43,601	39,364	11%	166,916	146,575	14%
Total equity	**236,723**	**177,099**	**34%**	**125,381**	**109,794**	**14%**	**21,852**	**42,438**	**-49%**	**40,150**	**36,103**	**11%**	**104,866**	**100,949**	**4%**	**22,421**	**20,350**	**10%**	**48,205**	**45,968**	**5%**	**599,598**	**532,701**	**13%**
	919,130	**826,379**	**11%**	**1,039,656**	**882,603**	**18%**	**1,192,403**	**1,088,229**	**10%**	**294,857**	**265,720**	**11%**	**1,087,449**	**1,059,899**	**3%**	**208,173**	**195,477**	**6%**	**896,719**	**977,180**	**-8%**	**5,638,387**	**5,295,487**	**6%**

Appendix III

Ratios	Bank of Nova Scotia		Barbados National Bank		Barclays Bank		Caribbean Commercial Bank		CIBC Caribbean Limited		Mutual Bank		Royal Bank of Canada	
Note	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
1. Return on average total assets	2.81%	2.81%	2.07%	2.15%	1.27%	1.17%	0.96%	0.80%	0.70%	1.33%	1.03%	0.93%	2.87%	1.97%
2. Interest earned on average interest bearing assets	10.64%	10.36%	8.72%	8.73%	8.86%	8.63%	11.14%	10.82%	9.09%	10.11%	8.96%	8.90%	8.30%	7.38%
3. Net interest margin	6.40%	6.46%	4.99%	5.26%	4.86%	5.31%	6.09%	6.10%	5.00%	6.13%	5.07%	5.18%	4.77%	4.28%
4. Interest paid on average interest bearing liabilities	5.90%	5.39%	4.29%	3.73%	4.09%	3.38%	5.88%	5.37%	4.20%	4.18%	4.32%	4.16%	3.67%	3.26%
5. Interest rate spread	4.74%	4.97%	4.43%	5.00%	4.77%	5.25%	5.26%	5.45%	4.89%	5.93%	4.64%	4.74%	4.63%	4.12%
6. Effective tax rate	32.86%	33.02%	4.73%	1.60%	21.97%	18.68%	22.34%	4.85%	-15.14%	-3.61%	18.37%	-30.24%	24.38%	29.14%
7. Productivity ratio	47.79%	48.23%	64.26%	67.25%	76.79%	80.00%	83.68%	88.48%	88.86%	80.46%	84.34%	90.78%	43.15%	53.21%
Allowance for loan losses as a percentage of total loans	0.55%	0.34%	3.48%	4.44%	2.17%	2.20%	2.40%	2.34%	1.00%	1.38%	5.62%	8.15%	0.51%	0.40%
Loans to deposits ratio	105.03%	105.08%	72.58%	66.10%	69.65%	71.81%	83.74%	83.99%	69.65%	74.15%	69.05%	74.17%	42.26%	38.26%
Components of total assets														
Cash resources	7.37%	8.93%	11.16%	9.53%	13.60%	11.53%	9.59%	9.63%	11.32%	8.62%	10.97%	12.52%	37.10%	46.34%
Loans	68.76%	69.14%	53.76%	56.53%	59.54%	62.15%	62.08%	61.94%	51.33%	54.77%	57.56%	63.03%	38.55%	35.14%
Securities	15.30%	13.55%	26.25%	25.14%	14.61%	14.65%	14.87%	13.93%	12.15%	13.01%	24.62%	18.06%	18.85%	13.77%
Other	8.57%	8.38%	8.83%	8.80%	12.25%	11.67%	13.46%	14.50%	25.20%	23.60%	6.85%	6.39%	5.50%	4.75%
Components of total interest income														
Loans	86.08%	88.43%	76.55%	72.18%	79.66%	77.92%	78.83%	77.98%	83.03%	83.68%	82.32%	80.90%	60.49%	59.36%
Securities	9.56%	9.58%	22.95%	27.28%	13.38%	14.32%	19.98%	19.25%	12.77%	12.29%	14.83%	15.59%	39.51%	40.64%
Other	4.36%	1.99%	0.50%	0.54%	6.96%	7.76%	1.19%	2.77%	4.20%	4.03%	2.85%	3.51%	0.00%	0.00%

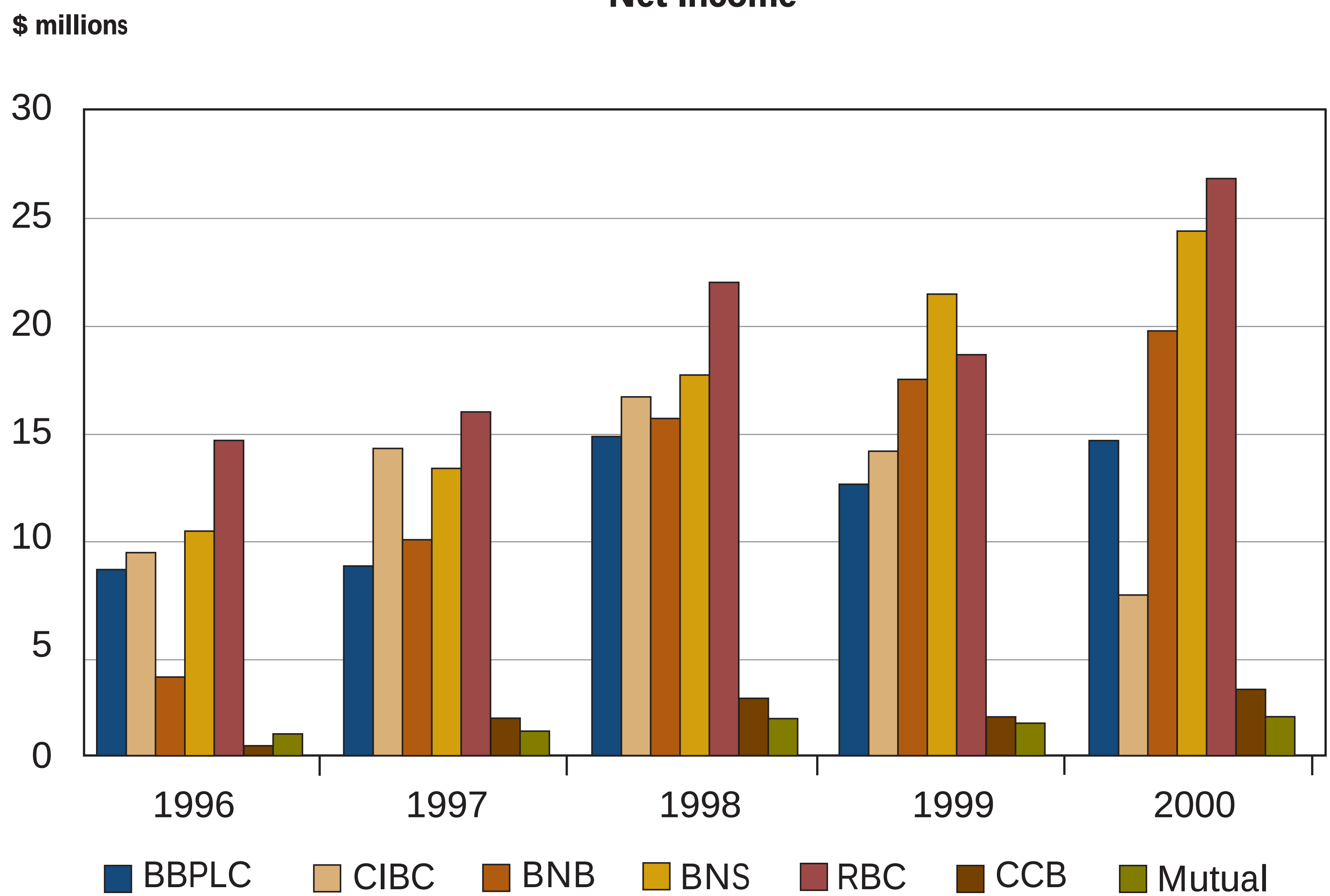
NOTES

1. **Return on average total assets** represents net income divided by the mean of opening and closing total assets
2. **Interest earned on average interest bearing assets** represents total interest income divided by average interest bearing assets. Average interest bearing assets comprise the mean of opening and closing cash resources, securities and loan balances
3. **Net interest margin** represents net interest income expressed as a percentage of average interest bearing assets
4. **Interest paid on average interest bearing liabilities** represents total interest expense divided by the mean of opening and closing deposit balances. Note that this calculation may not take account of some interest bearing liabilities included in "other liabilities" on the balance sheet. These however are not deemed significant
5. **Interest rate spread** represents interest earned on average interest bearing assets less interest paid on average interest bearing liabilities
6. **Effective tax rate** represents the tax charge for the year divided by income before taxation
7. **Productivity ratio** represents non interest expenses as a percentage of the sum of net interest income and other income

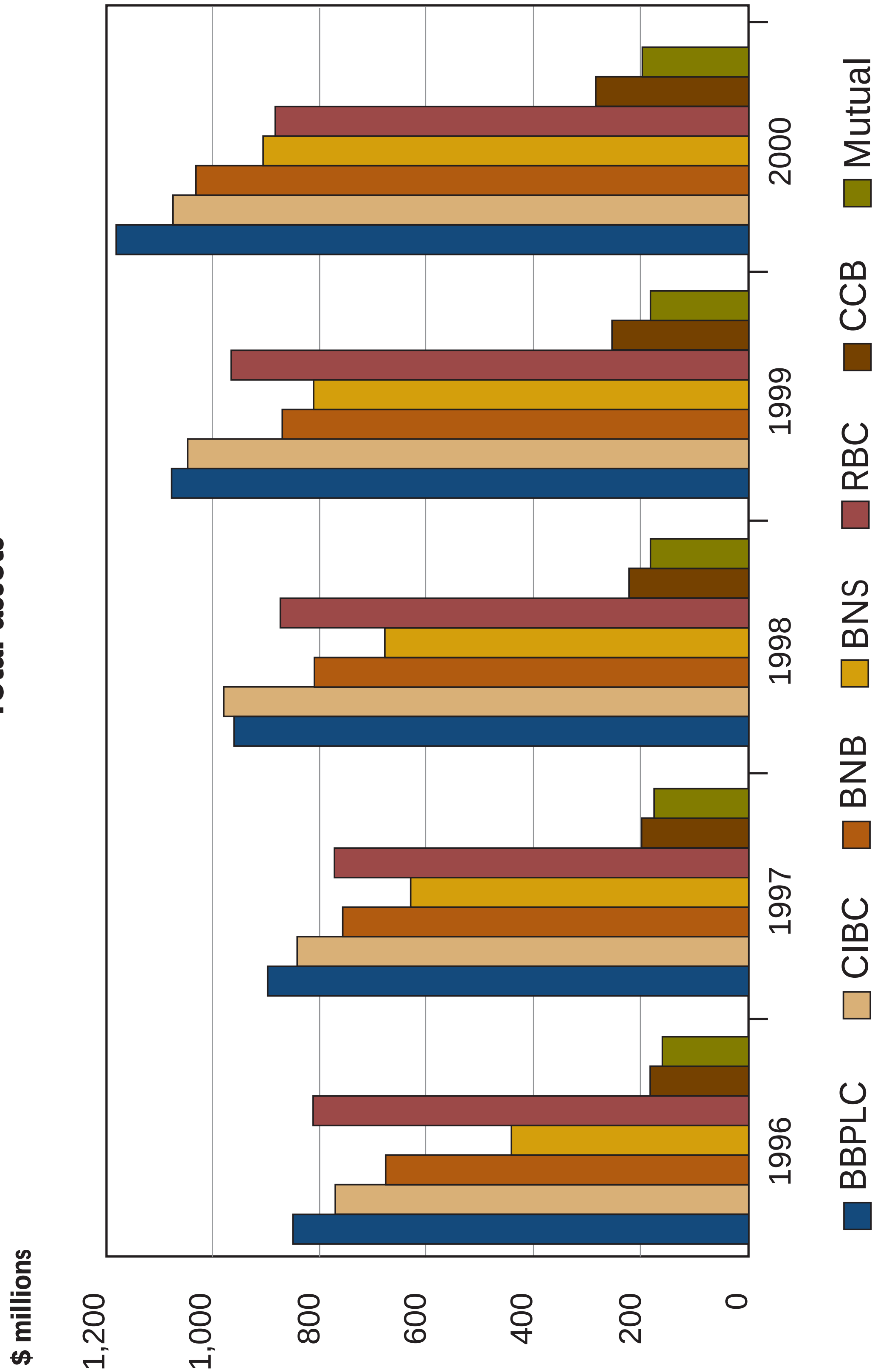
Appendix IV

The following performance charts and graphs are intented to highlight primarily the information included in Appendix III.

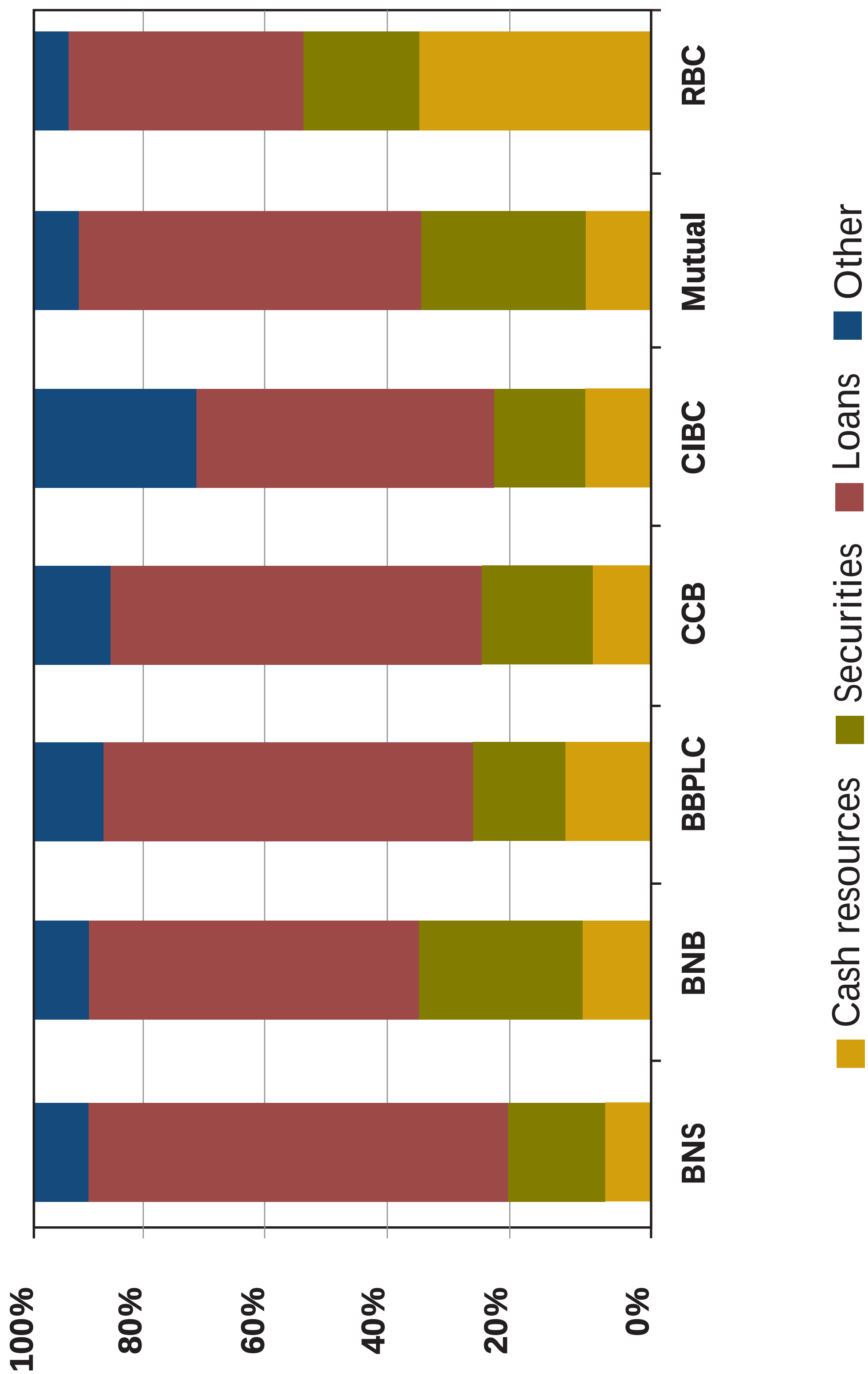
Net income



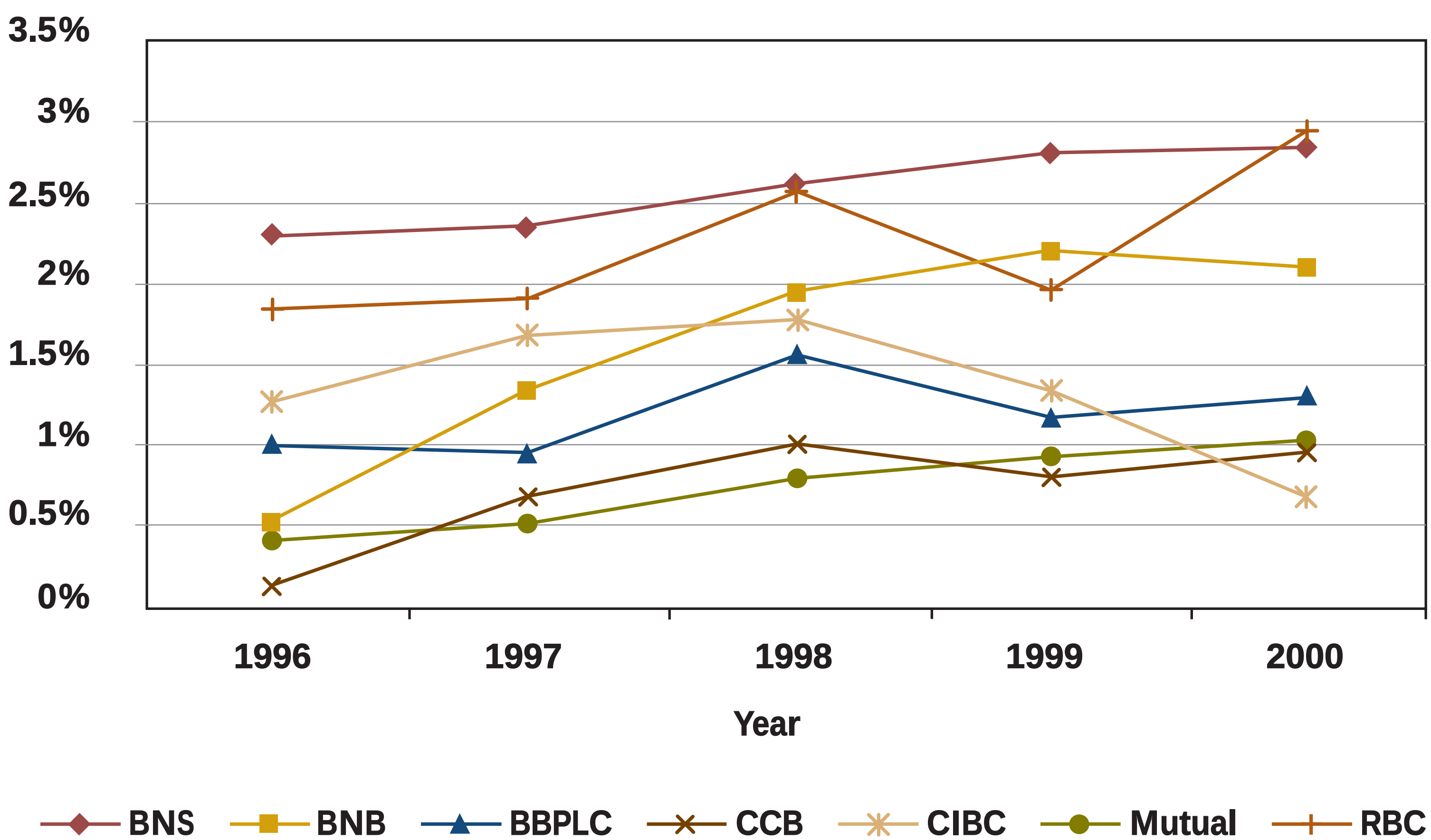
Total assets



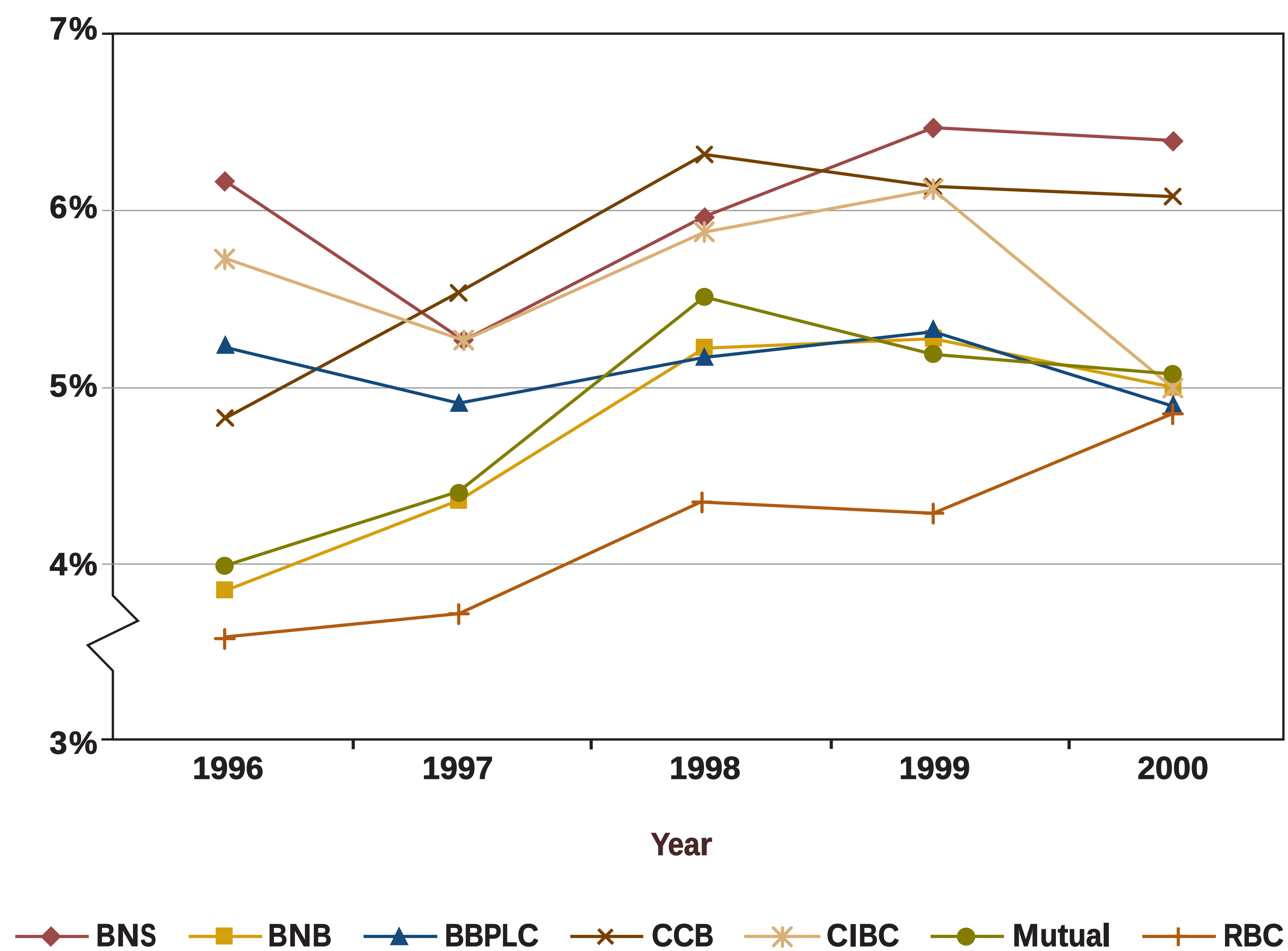
Analysis of assets



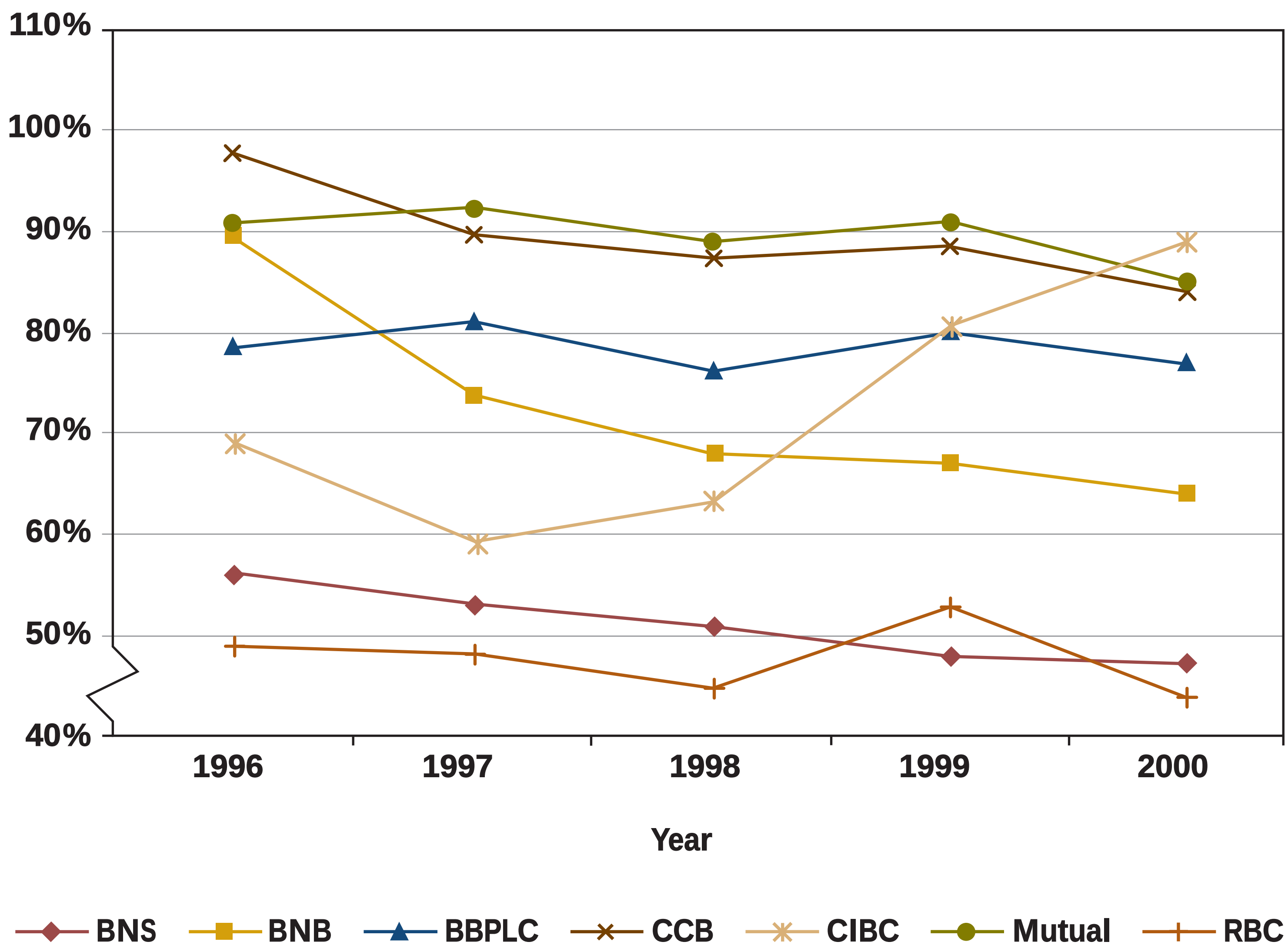
Return on average total assets



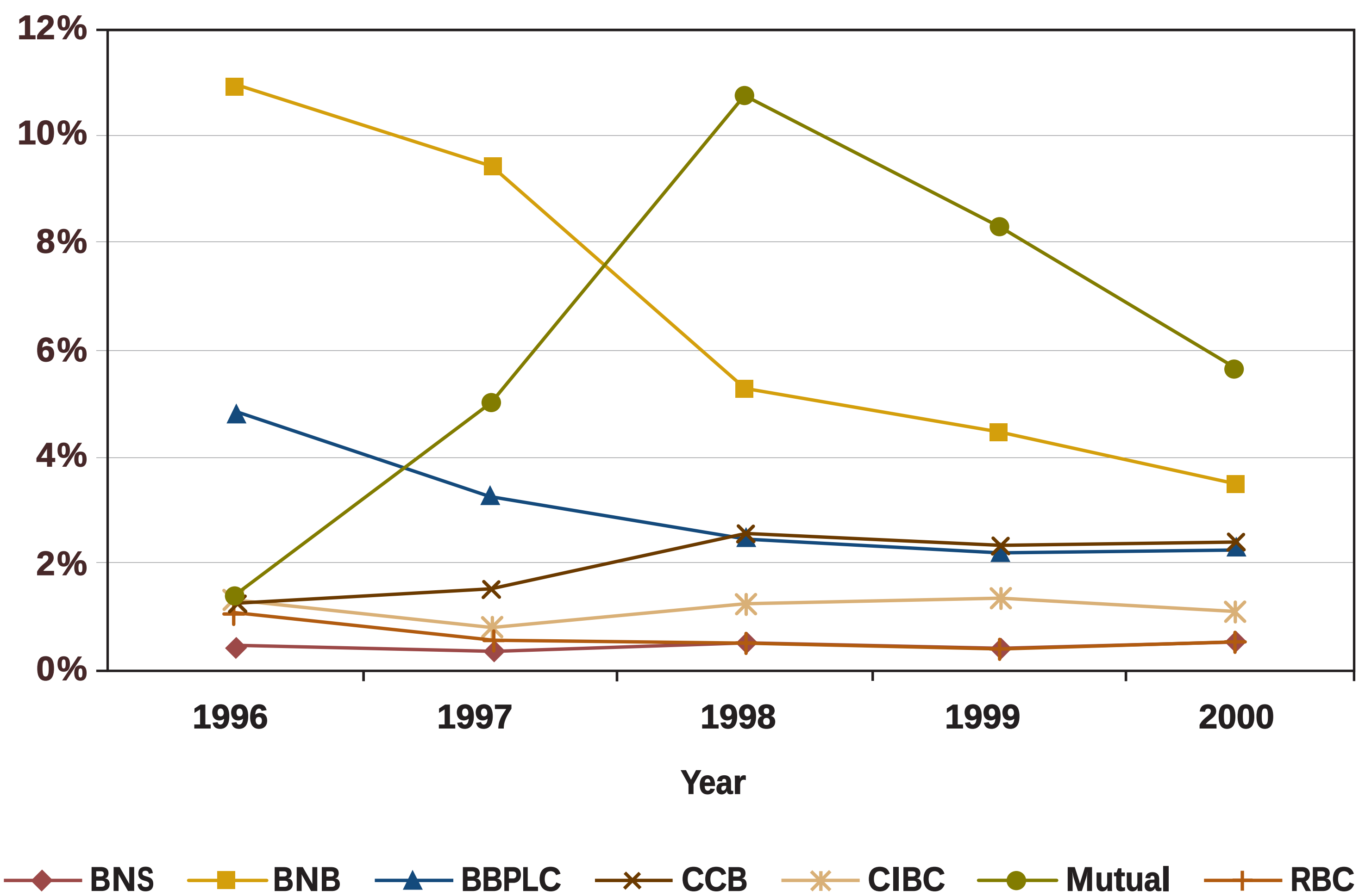
Net interest margin



Productivity ratio



Allowances for loan losses as a percentage of total loans



Appendix V

Detailed below are the financial year ends for the various institutions whose financial information has been used in this publication.

The Bank of Nova Scotia	
The Bank of Nova Scotia, Barbados Branches	October 31, 2000
The Bank of Nova Scotia Trust Company (Caribbean) Limited	October 31, 2000
The Barbados National Bank	December 31, 2000
Barbados Mortgage Finance Corporation	December 31, 2000
Barclays Bank Plc	
Barlcays Bank Plc, Barbados Branches	December 31, 2000
Barclays Finance Corporation of Barbados Limited	December 31, 2000
Caribbean Commercial Bank Limited	
Caribbean Commercial Bank, Limited	December 31, 2000
Caribbean Commercial Trust Company Limited	December 31, 2000
CIBC Caribbean Limited	
CIBC Caribbean Limited, Barbados Branches	October 31, 2000
CIBC Trust and Merchant Bank (Barbados) Limited	October 31, 2000
The Mutual Bank of The Caribbean Inc.	December 31, 2000
Royal Bank of Canada	
Royal Bank of Canada, Barbados Branches	October 31, 2000