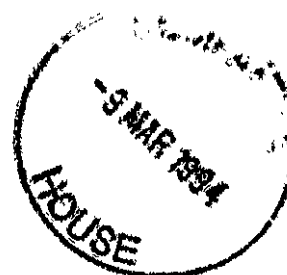


727694

HANKERS TRUST INTERNATIONAL PLC

Report and Accounts

December 31, 1993



BANKERS TRUST INTERNATIONAL PLC

REPORT AND ACCOUNTS

DECEMBER 31, 1993

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BANKERS TRUST INTERNATIONAL PLCDirectors

A.G. Altozano  
C.M.Y. de Balmann  
R.L. Barbanell  
B.R. Cook  
C.F. Kiley  
R.P. Kilsby  
R.A. McLauchlan  
A.R. Moore  
W.G. Ronai  
P. Souviron  
B.E. Walsh

President and Chief operating officer  
Vice Chairman

Chairman

Company Secretary

C.F. Backhouse

Registered Office

1 Appold Street  
Broadgate  
London EC2A 2HE

Auditors

Ernst & Young  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

Company Registered Number: 727694

# BANKERS TRUST INTERNATIONAL PLC

## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1993.

### Results and dividends

The profit after taxation amounted to \$529m (1992 - \$109m). A dividend of \$164m (1992 - \$NIL) was declared during the year.

### Principal activity and future developments

The Bank carries on an international merchant banking business. There were no significant changes in the Bank's business during the year.

### Directors and their interests

The directors of the Bank during the year were:

A.G. Altozano	
C.M.Y. de Balmann	(Appointed September 16, 1993)
R.L. Barbanell	
J.W. Benton	(Resigned July 12, 1993)
P.L. Cardarelli	(Resigned January 14, 1994)
C.R. Cochin de Billy	(Resigned January 19, 1994)
B.R. Cook	President & Chief Operating Officer
J.B. Giannotti	(Resigned July 6, 1993) Joint Vice Chairman
C.F. Kiley	Vice Chairman
R.P. Kilsby	
R.A. McLauchlan	Chairman
A.R. Moore	
L.K. Polsky	(Resigned July 28, 1993)
M. Prewer	(Resigned August 9, 1993)
W.G. Ronai	(Appointed July 28, 1993)
P. Souviron	
M.H. Steglitz	(Resigned April 6, 1993)
B.E. Walsh	

None of the directors had a disclosable interest in any group company at any time during the financial year.

BANKERS TRUST INTERNATIONAL PLCDIRECTORS' REPORT  
(continued)Employees

The Bank gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Bank's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

During the year, the Bank has continued to promote ways of providing employees with information about the Bank and encouraging them to present their suggestions and views on the Bank's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business through the Bank's bonus system.

Subsequent events

Following the year end, the Bankers Trust group of companies in the United Kingdom intend to carry out a group restructuring involving a transfer of the business activities, assets and liabilities of the company to another group company. Further details are contained in note 28 to the accounts.

Auditors

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



C.F. BACKHOUSE

Secretary

Date: 3 March 1994

BANKERS TRUST INTERNATIONAL PLCStatement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the bank and of the profit or loss of the bank for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the bank 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 bank and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BANKERS TRUST INTERNATIONAL PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF BANKERS TRUST INTERNATIONAL PLC

We have audited the accounts on pages 6 to 22 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

As described on page 4 the bank's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

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

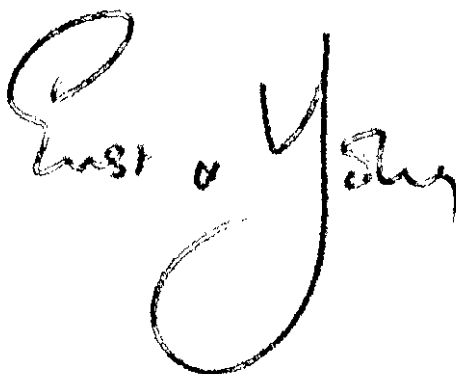
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

Opinion

In our opinion the accounts give a true and fair view of the state of the bank's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

Date: 3rd March 1994



BANKERS TRUST INTERNATIONAL PLCPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED DECEMBER 31, 1993

	<u>Notes</u>	<u>1993</u> \$ M	<u>1992</u> \$ M
Interest receivable:			
Interest receivable and similar income arising from debt securities		754	427
Other interest receivable and similar income		67	78
		-----	-----
		821	505
Interest payable	3	(884)	(491)
		-----	-----
Net Interest Income/Expense		(63)	14
		-----	-----
Fees and commissions receivable		135	12
Fees and commissions payable		(365)	(152)
Dealing profits		1,008	332
Other operating income		27	8
		-----	-----
		805	200
		-----	-----
Total Operating Income		742	214
		-----	-----
Administrative expenses	4	(92)	(77)
Other operating charges		(5)	(5)
		-----	-----
		(97)	(82)
		-----	-----
Profit on Ordinary Activities before Taxation	5	645	132
Tax on profit on ordinary activities	6	(116)	(23)
		-----	-----
Profit on Ordinary Activities after Taxation		529	109
Dividend paid		(164)	-
		-----	-----
Profit retained for the financial year		365	109
Retained profit brought forward		711	602
		-----	-----
Retained profit carried forward		1,076	711
		-----	-----

There are no recognised gains and losses for the period other than the profit for the year.

The notes on pages 8 to 22 form part of these accounts



BANKERS TRUST INTERNATIONAL PLCBALANCE SHEET AT DECEMBER 31, 1993

	<u>Notes</u>	<u>1993</u> \$ M	<u>1992</u> \$ M
<b>Assets:</b>			
Cash and balances at central banks		3,669	858
Treasury bills and other eligible bills		342	137
Loans and advances to banks	10	1,070	692
Loans and advances to customers	11	1,367	265
Debt securities	7	11,006	4,661
Equity shares	8	1,713	722
Shares in group undertakings	12	50	50
Deferred taxation	21	2	-
Other assets	9	3,209	1,731
Prepayments and accrued income		271	145
Amounts receivable under swap contracts		13,503	10,822
Market value of options purchased		2,746	4,490
<b>Total Assets</b>		<b>38,948</b>	<b>24,573</b>
<b>Liabilities</b>			
Deposits by banks	16	10,083	6,186
Customer accounts	17	1,967	370
Debt securities in issue	18	303	40
Other liabilities	19	3,184	890
Short securities positions	20	6,393	1,591
Deferred taxation	21	-	65
Amounts payable under swap contracts		11,949	10,613
Market value of options sold		3,310	3,587
		<b>37,189</b>	<b>23,342</b>
<b>Subordinated liabilities</b>	<b>15</b>	<b>292</b>	<b>294</b>
		<b>37,481</b>	<b>23,636</b>
<b>Shareholders' funds:</b>			
Issued share capital	13,14	318	151
Other reserve	14	-	75
Profit and loss account	14	1,149	711
<b>Total liabilities</b>		<b>38,948</b>	<b>24,573</b>
<b>Memorandum items:</b>			
<b>Contingent Liabilities:</b>			
Guarantees and assets pledged as collateral security	22	45	47
		45	47
<b>Commitments:</b>			
Commitments arising out of sale and option to resell transactions	23	173	460
		173	460

Approved by the board of directors on March 3, 1994.

C.F. KILEY

B.R. COOK

Director

The notes on pages 8 to 22 form part of these accounts

# BANKERS TRUST INTERNATIONAL PLC

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1993

### 1. Accounting policies

#### Basis for preparation

The accounts have been drawn up in accordance with the special provisions of Part VII of the Companies Act 1985 in relation to banking companies and with applicable accounting standards.

They have been prepared under the historical cost convention.

#### Format of accounts

Group accounts have not been prepared by virtue of section 228 of the Companies Act 1985 (as amended by the Companies Act 1989), whereby a Company is exempt from the preparation of group accounts if it is a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Community.

#### Trading positions

- (a) Trading positions are accounted for on a trade date basis.
- (b) Debt securities and equity shares held for trading purposes are stated at quoted market prices or, where no direct quote is available, at the directors' estimate of current market value.
- (c) The bank enters into a wide range of derivatives contracts, including forwards and futures contracts, swaps, options and other contracts for difference. Positions in such off balance sheet financial instruments which are open at the year end are carried at market value in the Balance Sheet and the resulting profits or losses are included in the profit and loss account. Market value is generally based on quoted market prices or broker or dealer price quotations. If such sources are not available, market value is determined based on valuation pricing models, which take into account time value, liquidity and volatility factors underlying the positions.
- (d) The bank enters into arrangements which involve the sale of securities with agreements to repurchase and the purchase of securities with resale agreements. Repurchase agreements are recorded as deposits and the related securities, where owned by the bank, are included in debt securities and equity shares at market price or as investments at cost as appropriate. Resale agreements are recorded as loans and advances and the related securities are excluded from inventory.
- (e) The bank's stock lending and borrowing activities are reflected in "Loans and advances to banks and customers" and "Customer accounts" only to the extent that collateral given or received is in the form of cash.

# BANKERS TRUST INTERNATIONAL PLC

## NOTES TO THE ACCOUNTS AT DECEMBER 31, 1993 (continued)

### 1. Accounting policies (continued)

#### Loans and advances

Specific provision is made against loans and advances when the likelihood of loss is considered certain or probable.

#### Investments

- (a) Debt securities held for investment purposes, which are fully hedged using currency borrowings and swaps, are valued at cost in the currency of purchase revalued at the exchange rate current at the balance sheet date. The premium or discount arising on the purchase is amortised or accreted to the profit and loss account over the remaining life of the security.
- (b) Equity shares held for investment purposes are valued at cost less amounts provided for diminution in value.

#### Income recognition

- (a) Interest and fee income receivable and payable, commitment commission and agency fees are accrued over the term of the underlying transaction. No accrual is made when payment of interest or principal is more than 90 days overdue.
- (b) Other fees and commissions are accrued over the life of the underlying transaction except to the extent that they represent compensation for arranging the transaction. This portion is recognised as income at the commencement of the transaction.

#### Foreign currency

Transactions in foreign currencies are recorded in United States dollars at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into United States dollars at the rates of exchange at the balance sheet date. Gains and losses on translation are taken to profit and loss account.

#### Reporting currency

The reporting currency for the bank's activities was changed from British Pounds to United States Dollars with effect from 1st January 1993 to achieve consistency with its ultimate holding company. This change better reflects the company's international business, particularly in the light of it becoming the focus of the group's European operations.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)1. Accounting policies  
(continued)Deferred taxation

Deferred taxation is provided under the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the tax will be payable.

Pensions

The Bank contributes to the pension scheme operated by a group company. This scheme was amended March 1, 1992.

This scheme defines the contributions made in respect of employees following March 1, 1992 although employees who were members of the scheme before that date are entitled to opt for the defined benefit arrangements previously in force.

Contributions to the defined benefits scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives. Variations in defined benefit pension costs identified as a result of actuarial variations are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

Contributions to the defined contributions scheme are charged to the Profit and Loss account in the period in which they become due and payable.

2. Business Segments

Operating income and profit before tax are wholly attributable to the business of merchant banking. A geographical analysis of the constituents of operating income or of profit before tax, net assets and total assets is not provided as in the opinion of the directors the only significant location where transactions are recorded is Great Britain.

3. Interest Payable

Interest payable includes \$16M (1992- \$16M) in respect of interest due on the subordinated liabilities.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)4. Administrative Expenses

	<u>1993</u>	<u>1992</u>
	<u>\$ M</u>	<u>\$ M</u>
Staff costs:		
- wages and salaries	62	49
- social security costs	9	8
- other pension costs	1	1
	-----	-----
	72	58
Other administrative expenses	20	19
	-----	-----
	92	77
	=====	=====

The average weekly number of employees during the year was made up as follows:

	<u>1993</u>	<u>1992</u>
	<u>Number</u>	<u>Number</u>
International merchant banking activities	-----	-----
	324	302
	=====	=====

The following amounts represent only the proportion of each director's total remuneration from the group which relates to his services in the management of the Bank. All directors are employed by and provide significant services to other companies within the group.

	<u>1993</u>	<u>1992</u>
	<u>\$000</u>	<u>\$000</u>
Emoluments other than fees	3,032	3,906
Pension contributions	37	26
	-----	-----
	3,069	3,932
	=====	=====

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)4. Administrative Expenses  
(cont'd)

The emoluments, excluding pension contributions, of the chairman, who was also the highest paid director, were \$892,314 (1992 - Chairman: \$84,668, highest paid director: \$955,230). The emoluments, excluding pension contributions, of the other directors fall within the following ranges:

		<u>1993</u>	<u>1992</u>
		No.	No.
£ 0,000 - £ 5,000	£ 5,000	5	4
£ 5,001 - £ 10,000	£ 10,000	1	-
£ 10,001 - £ 15,000	£ 15,000	-	1
£ 15,001 - £ 20,000	£ 20,000	1	1
£ 20,001 - £ 30,000	£ 30,000	1	-
£ 30,001 - £ 35,000	£ 35,000	1	-
£ 35,001 - £ 50,000	£ 50,000	2	-
£ 50,001 - £ 55,000	£ 55,000	1	2
£ 55,001 - £ 60,000	£ 60,000	1	1
£ 60,001 - £ 70,000	£ 70,000	-	1
£ 70,001 - £ 100,000	£ 100,000	1	-
£ 100,001 - £ 105,000	£ 105,000	-	1
£ 105,001 - £ 110,000	£ 110,000	-	1
£ 110,001 - £ 115,000	£ 115,000	1	-
£ 115,001 - £ 125,000	£ 125,000	-	1
£ 125,001 - £ 130,000	£ 130,000	1	-
£ 130,001 - £ 145,000	£ 145,000	-	1
£ 145,001 - £ 150,000	£ 150,000	-	1
£ 150,001 - £ 170,000	£ 170,000	-	1
£ 170,001 - £ 175,000	£ 175,000	-	1
£ 175,001 - £ 180,000	£ 180,000	1	-
£ 180,001 - £ 185,000	£ 185,000	-	1
£ 185,001 - £ 200,000	£ 200,000	-	1
£ 200,001 - £ 205,000	£ 205,000	-	1
£ 205,001 - £ 210,000	£ 210,000	-	1
£ 210,001 - £ 235,000	£ 235,000	-	1
£ 235,001 - £ 240,000	£ 240,000	1	-
£ 240,001 - £ 255,000	£ 255,000	-	1
£ 255,001 - £ 260,000	£ 260,000	-	1
£ 260,001 - £ 280,000	£ 280,000	1	-
£ 280,001 - £ 285,000	£ 285,000	-	1
£ 285,001 - £ 290,000	£ 290,000	1	-
£ 290,001 - £ 295,000	£ 295,000	-	1
£ 295,001 - £ 300,000	£ 300,000	-	1
£ 300,001 - £ 305,000	£ 305,000	-	1
£ 305,001 - £ 330,000	£ 330,000	-	1
£ 330,001 - £ 335,000	£ 335,000	-	1
£ 335,001 - £ 600,000	£ 600,000	1	-
£ 600,001 - £ 605,000	£ 605,000	-	1
£ 605,001 - £ 630,000	£ 630,000	1	-
£ 630,001 - £ 635,000	£ 635,000	-	1
		-----	-----
		18	18
		=====	=====

5. Profit on ordinary activities before taxation

Profit is stated after (crediting)/charging

	<u>1993</u>	<u>1992</u>
	\$ M	\$ M
Income from listed investments	(17)	(51)
Profits less losses on securities dealing	(1,008)	(332)
Profits less losses on disposal of investment securities	(24)	(4)
Foreign currency losses	2	5
	=====	=====
	1993	1992
	\$000	\$000
Auditors' remuneration		
- audit services	412	354
- non-audit services	175	128
	-----	-----

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)6. Taxation

	<u>1993</u> \$ M	<u>1992</u> \$ M
Based on the profit for the year:		
Current taxation	(182)	-
Deferred taxation	68	(23)
Overseas withholding tax suffered	(2)	-
	-----	-----
	(116)	(23)
	=====	=====

Current taxation has been provided at 33 $\frac{1}{3}$  less advance corporation tax surrendered and to be surrendered by group companies for nil consideration.

The deferred tax charge in 1992 for prior years arose due to changes in the rates of advance corporation tax.

7. Debt Securities

	<u>Held for investment purposes</u>		<u>Held for trading purposes</u>		<u>Total</u>	
	<u>1993</u> \$ M	<u>1992</u> \$ M	<u>1993</u> \$ M	<u>1992</u> \$ M	<u>1993</u> \$ M	<u>1992</u> \$ M
Issued by public bodies:						
Government securities	72	252	7,469	1,861	7,541	2,113
	-----	-----	-----	-----	-----	-----
	72	252	7,469	1,861	7,541	2,113
	-----	-----	-----	-----	-----	-----
Issued by other issuers:						
Other debt securities	-	-	3,465	2,548	3,465	2,548
	-----	-----	-----	-----	-----	-----
	-	-	3,465	2,548	3,465	2,548
	-----	-----	-----	-----	-----	-----
	72	252	10,934	4,409	11,006	4,661
	=====	=====	=====	=====	=====	=====

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)7. Debt Securities  
(cont'd)

	Held for investment purposes		Held for trading purposes		Total	
	1993 \$ M	1992 \$ M	1993 \$ M	1992 \$ M	1993 \$ M	1992 \$ M
Analysed by maturity:						
Due within one year	72	175	778	360	850	505
Due in greater than one year	-	77	10,156	4,049	10,156	4,156
	72	252	10,934	4,409	11,006	4,661
Analysed by listing status:						
Listed on the London Stock Exchange	-	-	-	-	-	-
Listed on other exchanges	72	252	10,934	3,987	11,006	4,239
Unlisted	-	-	-	422	-	422
	72	252	10,934	4,409	11,006	4,661

As the nature of the bank's trading activities require constant monitoring of the current market value of its trading positions, historical cost records are not available without undue expense and delay. The directors are therefore of the opinion that it is neither practical nor meaningful to disclose the cost of debt securities held for trading purposes.

The market value of debt securities held for investment purposes has not been disclosed as it is not materially different from the book value.

The bank enters into sale and repurchase agreements. The total value of assets so transferred and which are included above is \$2,210M (1992 - \$123M).

The movement on debt securities held for investment purposes is as follows:

	Issued by other issuers \$ M	Total \$ M
Cost:		
At 1 January 1993	252	252
Exchange adjustment	(5)	(5)
Additions	-	-
Redemptions	175	175
Amortisation of premiums	-	-
At 31 December 1993	72	72
Net book value at 31 December 1993	72	72
Net book value at 1 January 1993	-	-



BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)8. Equity Shares

	Held for investment purposes		Held for trading purposes		Total	
	1993 \$ M	1992 \$ M	1993 \$ M	1992 \$ M	1993 \$ M	1992 \$ M
Listed on the London Stock Exchange	-	-	21	21	21	21
Listed on other Exchanges	-	-	1,677	692	1,677	692
Unlisted	15	9	-	-	15	9
	-----	-----	-----	-----	-----	-----
	15	9	1,698	713	1,713	722
	=====	=====	=====	=====	=====	=====

As the nature of the bank's trading activities require constant monitoring of the current market value of its trading positions, historical cost records are not available without undue expense and delay. The directors are therefore of the opinion that it is neither practical nor meaningful to disclose the cost of equity shares held for trading purposes.

The market value of equity shares held for investment purposes has not been disclosed as it is not materially different from the book value.

The movement on equity shares held for investment purposes is as follows:

	\$ M
Cost:	
At 1 January 1993	9
Exchange adjustment	-
Additions	8
Disposals	(2)
	-----
At 31 December 1993	15
	=====

9. Other assets

	1993 \$ M	1992 \$ M
Amounts receivable on securities transactions	2,984	1,634
Advanced corporation tax recoverable	45	-
Other accounts receivable	180	97
	-----	-----
	3,209	1,731
	=====	=====

10. Loans and Advances to Banks

## Repayable:

- on demand	880	692
- within three months	116	-
- between three months and one year	74	-
	-----	-----
	1,070	692
	=====	=====

The amount of loans and advances to banks which are group companies amounts to \$1,045M (1992 \$452M).

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)

11. <u>Loans and Advances to Customers</u>	<u>1993</u> \$M	<u>1992</u> \$M
Repayable:	997	256
- on demand	357	3
- within three months	13	6
- between three months and one year	-----	-----
	1,367	265
	=====	=====

The amount of loans and advances to customers which are group companies amounts to \$1,315M (1992 \$169M).

12. Share in group undertakings

The names of the principal subsidiaries of the Bank, their country of incorporation, principal activity and the percentage of the ordinary share capital owned are as follows:

## Directly held:

BT Gilts Limited	England & Wales	Gilt edged market maker	100%
BT Holdings (Europe) Limited & Cie	France	Holding company	99%

## Indirectly held:

Bankers Trust (France) S.A.	France	Banking	100%
Bankers Trust Finance et Marches, S.A.	France	Banking	100%
Bankers Trust Futures (Europe) CIE	France	Banking	100%
BT Alpha PLC	England & Wales	Banking	100%

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)13. Share capital

	<u>Authorised</u>		<u>Allotted and called up</u>	
	<u>1993</u> \$000	<u>1992</u> \$000	<u>1993</u> \$000	<u>1992</u> \$000
Ordinary shares of £1 each	74	166,210	74	151,130
Ordinary shares of \$1 each	400,000	-	317,917	-
	-----	-----	-----	-----
	400,074	166,210	317,991	151,130
	=====	=====	=====	=====
	<u>1993</u> £000	<u>1992</u> £000	<u>1993</u> £000	<u>1992</u> £000
Ordinary shares of £1 each	50	110,000	50	100,000
	-----	-----	-----	-----
	50	110,000	50	100,000
	=====	=====	=====	=====

All but £50,000 of the capital of Bankers Trust International PLC was by virtue of a special resolution and with the sanction of the High Court of Justice converted from British Pounds to United States Dollars with effect from 14th January, 1993 at a USD/GDP conversion rate of 1.5435.

A further issue of 163,611,447 ordinary shares of US\$1 each was made in September, 1993 to support increased trading activity in the Bank.

14. Reconciliation of shareholders' funds and movements on reserves

	<u>Share Capital</u> \$M	<u>Other Reserve</u> \$M	<u>Profit &amp; Loss account</u> \$M
At January 1, 1993	151	75	711
Profit for the financial year	-	-	645
Dividends	-	-	(164)
Tax	-	-	(116)
Exchange difference	3	(2)	-
Further issue of shares	164	-	-
Transfer to profit and loss account	-	(73)	73
	-----	-----	-----
At December 31, 1993	318	-	1,149
	=====	=====	=====

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)15. Subordinated liabilities

The following loan capital is unsecured and is subordinated to the rights of ordinary creditors, including depositors. Repayment of these subordinated liabilities is due as follows:

	<u>1993</u> \$ M	<u>1992</u> \$ M
£47m Payable on December 27, 2000	70	71
£15m Payable on June 28, 2001	22	23
\$100m Payable on June 25, 2002	100	100
\$100m Perpetual loan notes	100	100
	-----	-----
	292	294
	=====	=====

The movement of loans between 1992 and 1993 is due to the effect of foreign exchange revaluations. Interest on all loans is payable at floating rates of between 4.4 and 7.3 (1992 - 4.4% and 9.3%).

16. Deposits by banks

	<u>1993</u> \$ M	<u>1992</u> \$ M
Repayable:		
- on demand	8,081	5,273
- within three months	1,487	402
- between three months and one year	511	481
- between one and five years	4	30
	-----	-----
	10,083	6,186
	=====	=====

The amount of deposits by banks which are group companies amounts to \$8,362M (1992 3,744M).

17. Customer accounts

	<u>1993</u> \$ M	<u>1992</u> \$ M
Repayable:		
- on demand	643	53
- within three months	1,181	313
- between three months and one year	143	4
	-----	-----
	1,967	370
	=====	=====

The amount of deposits by customers which are group companies amounts to \$636M (1992 120M).

Included in deposits and customer accounts are \$ 2,210M (1992 - \$123M) of amounts payable under sale and repurchase agreements which are secured on the securities that formed the basis of these transactions.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)18. Other liabilities

	<u>1993</u>	<u>1992</u>
	<u>\$ M</u>	<u>\$ M</u>
Medium term notes repayable:		
- due within one year	-	-
- due after one year	303	40
	-----	-----
	303	40
	=====	=====

19. Accounts payable

	<u>1993</u>	<u>1992</u>
	<u>\$ M</u>	<u>\$ M</u>
Amounts payable on securities transactions	2,922	819
Corporation tax payable	180	-
Advanced corporation tax payable	45	-
Other accounts payable	37	71
	-----	-----
	3,184	890
	=====	=====

20. Short securities positions

Short securities positions, all of which were held for trading purposes, were made up as follows:

	<u>1993</u>	<u>1992</u>
	<u>\$ M</u>	<u>\$ M</u>
Debt securities:		
Government securities		
Listed on the London Stock Exchange	-	-
Listed on other exchanges	4,010	335
	-----	-----
	4,010	335
Equity shares:		
Listed on the London Stock Exchange	20	45
Listed on other exchanges	2,334	1,198
	-----	-----
	6,364	1,578
All other securities:		
Listed on the London Stock Exchange	-	-
Listed on other exchanges	-	-
Unlisted	29	13
	-----	-----
	6,393	1,591
	=====	=====
Analysis of debt securities by maturity:		
Due within one year	2,393	1,256
Due after one year	4,000	335
	-----	-----
	6,393	1,591
	=====	=====

As the nature of the bank's trading activities require constant monitoring of the current market value of its trading positions, historical cost records are not available without undue expense and delay. The directors are therefore of the opinion that it is neither practical nor meaningful to disclose the amounts received for short positions in debt securities or equity shares held for trading purposes.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)21. Deferred taxation

	<u>1993</u> \$ M	<u>1992</u> \$ M
Deferred taxation is recoverable as follows:		
Short term timing differences	2	-
	=====	=====

Deferred taxation has been provided in full as follows:

Differences arising due to recognition of unrealised profits in other periods for taxation purposes	-	230
Advance corporation taxation to be surrendered by group companies (see note 6)	-	(162)
Payment of corporation tax on account	-	(3)
	-----	-----
	-	65
	=====	=====

Deferred taxation has been provided at 33% on short term timing differences. Deferred tax was provided at a lower rate of 9.88% in 1992 because a group company had undertaken to discharge the remaining corporation tax liability of 23.12% that would arise on the reversal of the gross timing differences, by the surrender for nil consideration of advance corporation tax arising from its future dividend payments.

An amount of \$65,523,000 has been transferred from deferred tax to current tax during the year due to a change in the basis of taxation in respect of the derivatives business.

22. Contingent liabilities

Guarantees and assets pledged as collateral security include:

	<u>1993</u> \$ M	<u>1992</u> \$ M
Guarantees and irrevocable letters of credit	6	7
Assets pledged by the bank as collateral security	39	40
	-----	-----
	45	47
	=====	=====

**BANKERS TRUST INTERNATIONAL PLC**

**NOTES TO THE ACCOUNTS AT DECEMBER 31, 1993**  
(continued)

**23. Commitments**

The amounts shown below are intended to provide an indication of the volume of business transacted and not of the underlying credit or other risks.

	Contract or Underlying Principal Amount	1993 \$ M	1992 \$ M
Forward asset purchases and forward forward deposits placed		18	-
Note issuing and revolving underwriting facilities		74	93
Other financial commitments		81	367
		173	460
Forward and futures contracts outstanding at 31 December 1993 are analysed in note 24.			

**24. Off balance sheet financial instruments**

A summary of contract/notional amounts and their related credit risk and replacement cost amounts of off balance sheet financial instruments is included in the table below.

The following were outstanding at 31 December:

	1993 \$ M	1992 \$ M
<b>Exchange rate contracts:</b>		
Contract or underlying principal amount	58,173	66,343
- for dealing purposes	1,494	1,560
Credit risk weighted amount	4,126	4,429
Replacement cost		
<b>Interest rate contracts:</b>		
Contract or underlying principal amount	530,091	238,912
- for dealing purposes	2,620	1,627
Credit risk weighted amount	10,515	6,634
Replacement cost		
<b>Equity contracts:</b>		
Contract or underlying principal amount	21,141	30,821
- for dealing purposes	447	1,182
Credit risk weighted amount	1,236	4,107
Replacement		
<b>Commodity contracts:</b>		
Contract or underlying principal amount	22,866	4,961
- for dealing purposes	147	67
Credit risk weighted amount	372	142
Replacement		

All material amounts relate to contracts undertaken for dealing purposes. Replacement cost for options is the total current market value of purchased options. For swap or forward foreign exchange contracts all trades with a positive current market value are aggregated.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1993  
(continued)24. Off balance sheet financial instruments  
(Cont'd)

The credit risk weighted amount has been calculated in accordance with the 1988 Basle Accord Guidelines. Notional values are multiplied by an add-on factor (depending on contract type & maturity), and added to replacement cost. This total is then multiplied by the relevant factor (according to counterparty risk).

25. Assets and Liabilities in foreign currencies

The aggregate amounts of assets and liabilities denominated in foreign currencies were as follows:-

	1993	1992
	\$ M	\$ M
Assets	13,104	7,880
Liabilities	13,111	6,890

Due to off-balance sheet items the above should not be considered to demonstrate the banks' exposure to foreign exchange risk.

26. Pension commitments

The Company contributes to the pension scheme operated by a group company. This scheme was amended on 1 March 1992.

This scheme defines the contributions made in respect of employees following 1 March 1992 although for employees who were members of the scheme before that date are entitled to opt for the defined benefit arrangements previously in force.

Contributions to the scheme are based on pension costs across the group as a whole with allocations based on salary costs. The assets of the scheme are held separately from those of the Bank in an independently administered trust fund. Full details of both the defined benefit and defined contribution schemes are given in the accounts of Bankers Trust Holdings (UK) Limited.

Total pension costs charged to the profit and loss for the year were \$1,054,000 (1992 - \$1,285,000). Prepayment in the Balance Sheet of the Bank arising from differences between the amounts recognised as costs and the amounts paid into the fund amount to \$454,000 (1992 - \$2,749,000).

27. Ultimate parent company

The Bank's ultimate parent company and largest group for which accounts are prepared is Bankers Trust New York Corporation, which is incorporated in the United States of America and listed on the New York Stock Exchange. Copies of the group accounts of Bankers Trust New York Corporation can be obtained on application to the Bank.

The Bank's ultimate parent company within the EC and smallest group for which group accounts are prepared is Bankers Trust Holdings (U.K.) Limited, which is registered in England and Wales and prepares group accounts.

28. Subsequent events

Following the year end, the Bankers Trust group of companies in the United Kingdom intends to carry out a group restructuring whereby Bankers Trust International PLC and Bankers Trust GmbH, a fellow group company, will transfer substantially all of their trading activities, together with the related assets and liabilities, to a UK subsidiary company, BT Alpha PLC. Following the transfer it is expected that the name Bankers Trust International PLC will be changed to Bankers Trust (Investments) PLC and BT Alpha PLC will assume the name Bankers Trust International PLC.