



Sun Banking Corporation Limited

REPORT OF THE AUDITORS TO THE MEMBERS OF SUN BANKING CORPORATION LIMITED

We have audited the financial statements on pages 8 to 28 which have been prepared under the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of 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.

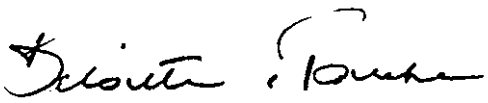
Basis of opinion


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 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 and the group'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 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 adequacy of the presentation of information in the financial statements.

Opinion

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 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

I hereby certify this
to be a true copy of
the original

PETER H GREEN
Solicitor

24 March 1998



**SUN BANKING CORPORATION LIMITED**

Memo to demonstrate that the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves as at 31 December 1997.

As at 31 December 1997, per audited financial statements:

	£'000
Called up share capital	<u>28,000</u>
Share capital plus undistributable reserves	28,000
Revenue reserves	<u>4,513</u>
Net Assets	<u>32,513</u>