RBTT FINANCIAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2005

EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

---

1. Incorporation and Business Activities of the Group

RBTT Financial Holdings Limited (the parent company) was incorporated in the Republic of Trinidad and Tobago in July 1998 as a holding company to acquire the Group's investments which were previously held by the main banking unit, RBTT Bank Limited (formerly The Royal Bank of Trinidad and Tobago Limited). The latter entity was incorporated on 26 July 1971, however its history in the region began with the Union Bank of Halifax which was incorporated in Nova Scotia, Canada in 1856 and opened a branch in Port of Spain, Trinidad in 1902. The address of RBTT Financial Holdings Limited's registered office is 19-21 Park Street, Port of Spain, Trinidad and Tobago.

The subsidiaries and associate companies of RBTT Financial Holdings Limited are engaged in banking and financial intermediation services, stockbroking services, property development and life and general insurance services. In March 2005, the Group's interest in Guardian Holdings Limited was reduced to below 20% of the ordinary issued share capital, as a result of which the company ceased being accounted for as an associated company.

The ordinary shares of the parent company are listed on the Trinidad and Tobago Stock Exchange, the Barbados Stock Exchange and the Jamaica Stock Exchange.

2. Significant Accounting Policies

a) Basis of preparation

The consolidated financial statements are prepared in Trinidad and Tobago dollars and in accordance with International Financial Reporting Standards. These consolidated statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, securities held-for-trading, investment properties, derivative financial instruments and other trading liabilities.

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Adoption of new and revised standards

Effective 1 April 2004, the Group adopted IFRS 3 - Business Combinations, IAS 36 (Revised) - Impairment of Assets and IAS 38 (Revised) - Intangible Assets. The main effect of these adoptions was a change in accounting policy for goodwill.

Until 31 March 2004 -

- positive goodwill was amortised on a straight line basis over a maximum period of twenty years; and
- negative goodwill was recognised in accordance with the underlying economic reasons which gave rise to its existence.

In accordance with the provisions of IFRS 3 -

- the Group ceased the amortisation of goodwill effective 1 April, 2004 and accumulated amortisation as at 31 March, 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- from the year ended 31 March, 2005 onwards, goodwill is tested annually for impairment; and
- negative goodwill balances as at 31 March 2004 were transferred to retained earnings.

b) Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the parent company and all of its subsidiaries (the Group) after the elimination of intercompany transactions and balances. Subsidiary companies are defined as companies controlled by the Group in which it has an interest of more than

50% of the voting rights and is able to exercise control over the operations. Separate disclosure is made of minority interests.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of minority interest. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of net assets of the acquired subsidiary, the difference is recognised directly in the profit and loss account. Where necessary, the accounting policies used by the subsidiaries have been changed to ensure consistency with policies adopted by the Group.

A listing of the subsidiaries is set out in Note 40.

c) Associate companies and joint ventures

Investments in associate companies and joint ventures are accounted for under the equity method. These are companies over which the Group has between 20% and 50% of the voting rights and over which the Group exercises significant influence but which it does not control. The Group's interest in associate companies is carried on the balance sheet at an amount that reflects its share of the net assets of the associates. Where necessary, the accounting policies used by the associates have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Group's principal associate companies and joint venture undertaking is shown in Note 8.2 and 8.4.

d) Foreign currencies

The consolidated financial statements are presented in Trinidad and Tobago dollars which is the measurement currency of the parent.

Profit and loss accounts of foreign entities are translated into the Group's reporting currency, Trinidad and Tobago dollars, at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling on 31 March. Translation differences arising from the retranslation of the net investment in foreign subsidiaries and associate companies are taken to shareholders' equity. When a foreign entity is sold, such translation differences are recognised in the profit and loss account as part of the gain or loss on sale.

Foreign currency transactions in Group companies are accounted for at the exchange rates prevailing at the date of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

e) Originated securities

Securities originated by the Group, by providing money directly to the borrower or to a sub-participation agent at drawdown, other than those originated with the intent of being sold immediately or in the short term are categorised as securities originated by the Group and carried at amortised cost, less any provision for impairment.

f) Investment securities

Investment securities are classified as held-for-trading, held-to-maturity and available-for-sale. Management determines the appropriate classification of its investment at the time of purchase.

Securities held-for-trading

Securities held-for-trading are securities which were either acquired for generating a profit from short-term fluctuations in price or are securities included in a portfolio in which a pattern of short term profit taking exists. Securities held-for-trading are initially recognised at cost and subsequently remeasured at fair value based on quoted market prices where available or discounted cash flow models. All gains and losses realised and unrealised from trading securities are reported in net investment trading income. Interest earned whilst holding trading securities is reported as interest income. Trading securities include securities sold under sale and repurchase agreements.

All purchases and sales of trading securities that require delivery within the timeframe established by regulation or market convention are recognised at settlement date.

Securities held-to-maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment.

Securities available-for-sale

Available-for-sale investments are those securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale securities are initially recognised at cost (which includes transaction costs) and are subsequently remeasured at fair value based on quoted market prices where available or discounted cash flow models. Fair values for unquoted equity instruments or unlisted securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of, the related accumulated fair value adjustments are included in net investment trading income. When securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the profit and loss account as impairment expense on investment securities.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount and there is objective evidence of impairment. The recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

g) Sale and repurchase agreements

Securities sold under sale and repurchase agreements ('repos') are retained in the financial statements as securities held-for-trading and the counterparty liability is included in other funding instruments. Securities purchased under agreements to resell ('reverse repos') are recorded as loans to other banks or customers as appropriate. The difference between the sale price and the repurchase price is treated as interest and accrued evenly over the life of the repos.

h) Loans and advances to customers

Loans and advances to customers are stated at principal outstanding net of any unearned interest and of an allowance for impairment losses.

A loan is classified as impaired when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of the Group such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Deterioration of credit ratings assigned to the borrower
- Bankruptcy or reorganisation by the borrower

Management uses estimates based on historical loss experience and objective evidence of impairment when estimating its future cash flows of the loan or group of loans. The methodology and assumptions used for estimating both the amount and timing of cash flows are reviewed regularly to minimise differences between actual loss experience and loss estimates.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans. The allowance also covers probable losses within the portfolio that have not been specifically identified as impaired.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking risks' reserve as an appropriation of retained earnings.

The allowance which is made. during the year, less amounts released and recoveries of bad debts previously written off, is charged against the profit and loss account. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

i) Derivative financial instruments and other trading liabilities

Derivative financial instruments

Derivative financial instruments including currency and interest rate swaps, equity, and commodity options (both written and purchased) are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative and there is an obligation to settle.

Certain derivatives embedded in other financial instruments, such as the equity option in an index linked instrument, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with changes in fair value accounted for through the profit and loss account.

Changes in the fair value of derivatives held-for-trading are included in net investment trading income.

Other trading liabilities

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties in which case the purchase and sale are recorded with the gain or loss included in net investment trading income. The obligation to return them is recorded at fair value as a trading liability.

j) Acceptances, guarantees, indemnities and letters of credit

The Group's potential liability under acceptances, guarantees and letters of credit is reported as a liability in the consolidated balance sheet. The Group has equal and off-setting claims against its customers in the event of a call on these commitments.

k) Interest income and expense

Interest income and interest expense are recognised in the profit and loss account for all interest bearing instruments on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed income investments, loans and advances and accrued discounts and premiums on treasury bills and other discounted instruments.

l) Fees and commissions

Fees and commissions are generally recognised on an accrual basis. Fees and commissions primarily include fees from investment management, loan commitments and administration, letters of credit, deposit accounts, custody and processing services, trust and asset management, debit and credit card products, insurance products and other financial service-related products, Generally commissions and fees arising from negotiation or participating in the negotiation of a transaction for a third party recognised on completion of the underlying transaction.

m) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associate company, at the date of acquisition and is reported in the balance sheet.

Effective 1 April 2004, goodwill ceases to be amortised and is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is carried at cost less accumulated impairment losses. The gain or loss realised on disposal of an entity includes the carrying amount of goodwill relating to the entity disposed of.

n) Premises and equipment

Premises and equipment are stated at cost less depreciation.

Depreciation is computed principally on the reducing balance method. Rates in effect are designed to write off the depreciable amounts of assets over their estimated useful lives. The following rates are used:

Freehold properties	-	2% to 4%
Leasehold properties and improvements	-	2% to 20%
Equipment	-	10% to 33 1/3%

Gains and losses on disposal of premises and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Costs of repairs and renewals are charged to the profit and loss account when the expenditure is incurred.

o) Accounting for leases - where a group company is the lessor

Assets leased out under operating leases are included in premises and equipment in the balance sheet at cost less accumulated depreciation. Depreciation is calculated by reference to the shorter of the primary lease period and the estimated useful life of the asset. Rental income is recognised on a straight line basis over the primary lease period.

Upon retirement or disposal of leased assets, the cost and related accumulated depreciation are removed from the respective accounts and the gains or losses, if any, are reflected in the profit and loss account for the year.

p) Accounting for leases - where a group company is the lessee

Leases entered into by the Group are all operating leases. Payments made under operating leases are charged to the profit and loss account in accordance with the terms of the lease.

q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

r) Borrowings

Borrowings are recognised initially at cost, being their issue proceeds net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest rate method.

s) Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the balance sheet date are not shown as a liability on the balance sheet but are disclosed as a note to the financial statements.

t) Employee benefits

i) Pension obligations

The Group operates a number of defined contribution and defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries.

For defined benefit plans maintained as part of multi-employer plans by certain group companies, the administrators are unable to provide information on the companies' proportionate share of the defined benefit obligation and plan assets. These plans are accounted for as if they are defined contribution plans in accordance with IAS 19.

The Group's contributions to the defined contribution pension plans are charged to the consolidated profit and loss account in the year to which they relate.

ii) Equity compensation benefits

Share options are granted to directors and certain employees. When options are exercised, the proceeds received net of any transaction costs are credited to the share capital account.

iii) Employee share ownership plan (ESOP)

The employees of subsidiaries incorporated in Trinidad and Tobago have the option to receive their bonuses in cash and/or ordinary shares of the parent company purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP The Group recognises an expense within staff costs when bonuses are awarded.

iv) Other post-retirement benefits

Some Group companies provide post-retirement medical benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that for defined benefit pension plans. A valuation of these obligations is carried out by independent qualified actuaries annually.

u) Taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on premises and equipment, post-retirement benefits, revaluation of certain financial assets and liabilities and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

v) Administered funds

The balance sheet does not include assets under administration on behalf of clients. Assets under administration/trusteeship as at 31 March 2005 totalled $44.1 billion (2004 - $30.6 billion).

w) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

x) Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Segmental information is provided on both segment formats: the primary format reflects the Group's management structure - by geographic area. The secondary segment format reflects line of business. This distinction is based on internal management and financial reporting systems and reflect the risks and earnings structure of the Group.

y) Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Cash On Hand And Due From Banks

	2005 ($'000)	2004 ($'000)
Cash on hand	507,164	473,038
Due from banks	3,146,461	3,090,566
	3,653,625	3,563,604

Cash on hand represents cash held in tellers' tills, the vault and cash dispensing machines.

Due from banks are deposits held with other banks on demand or for fixed periods not exceeding 90 days. Due from banks also include items due from other banks in the process of clearing.

4. Balances With Central Banks

In accordance with the regulations governing banks in the region, the Group's banking subsidiaries in Trinidad and Tobago, the Eastern Caribbean, Barbados, Aruba, Netherlands Antilles, Jamaica and Suriname are required to maintain monetary reserves with the respective Central Banks, which are based on a ratio to customers' deposits and other specified liabilities.

5. Loans And Advances To Customers

Performing loans and advances	16,906,345	13,385,907
Non-performing loans and advances	733,359	676,066
	17,639,704	14,061,973
Unearned interest	(432,285)	(347,340)
	17,207,419	13,714,633
Interest receivable	131,184	110,016
Allowance for loan losses	(391,290)	(392,075)
	16,947,313	13,432,574
Loans and advances pledged for the benefit of investors in other funding instruments	1,687,119	1,436,910

5.1 Sectoral analysis

	2005 ($'000)	2004 ($'000)
Consumer	4,304,343	3,408,329
Manufacturing	1,000,024	744,319
Distribution	1,776,886	1,071,591
Financial services	688,643	1,280,802
Transport	478,823	621,253
Construction	893,769	602,130
Petroleum	89,274	48,939
Agriculture	90,263	79,326
Residential mortgages	2,230,010	1,934,543
Commercial mortgages	2,049,641	1,857,194
Hospitality	829,518	482,446
Professional services	1,092,104	691,233
Utilities	373,098	227,252
Real estate	225,945	164,564
Health services	7,236	11,216
Other	1,510,127	836,836
	17,639,704	14,061,973

5.2 Allowance for loan losses

Balance at beginning of year	392,075	464,231
Amounts previously provided for now being written off	(96,271)	(65,904)
Increase in allowance for the year	74,548	88,947
Reclassified to general banking risks' reserve (Note 22)	-	(93,374)
Transferred upon acquisition of loan portfolio of subsidiary	21,096	-
Currency translation differences	(158)	(1,825)
Balance at end of year	391,290	392,075

5.3 Losses on loans and advances to customers

Increase in allowance for the year	74,548	88,947
Amounts not previously provided for being directly written off	4,154	46,161
Recoveries	(24,098)	(3,235)
	54,604	131,873

6. Originated Securities

	2005 ($'000)	2004 ($'000)
Government debt securities	438,066	787,763
Corporate debt securities	1,464,361	884,319
Other debt securities	89,100	13,987
	1,991,527	1,686,069
Originated securities pledged for the benefit of investors in other funding instruments	1,238,998	1,350,053

7. Investment Securities

Securities held-for-trading at fair value

Government and state-owned enterprises debt securities	168,823	388,912
Corporate debt securities	900,865	363,950
	1,069,688	752,862

Securities available-for-sale at fair value

Treasury bills and treasury notes	857,688	638,632
Government and state owned enterprises debt securities	3,056,947	2,925,552
Corporate debt securities	695,721	1,530,683
Other debt securities	309,288	218,962
Money market instruments	692,094	780,176
Equity securities	1,659,180	39,196
	7,270,918	6,133,201
Provision for impairment	(27,820)	(62,912)
	7,243,098	6,070,289

Securities held-to-maturity at amortised cost

Government and state-owned enterprises debt securities	2,004,829	1,598,269
Corporate debt securities	74,626	15,446
Other debt securities	1,561	19,184
	2,081,016	1,632,899
Total Investment Securities	10,393,802	8,456,050
Investment securities pledged for the benefit of investors in other funding instruments	3,775,526	3,849,559

	2005 ($'000)	2004 ($'000)
7.1 Provision for impairment		
Balance at beginning of year	62,912	36,627
Amounts previously provided for now being written off	(36,436)	-
Charge for the year	1,344	26,285
Balance at end of year	27,820	62,912
7.2 Impairment expense		
Amounts not previously provided for being directly written off	5,767	9,287
Charge for the year	1,344	26,285
	7,111	35,572

8.Investment In Associate Companies And Joint Venture

Associate companies	39,253	534,228
Joint venture	142,504	135,399
	181,757	669,627

8.1 Movement in equity interest in associate companies

Balance at beginning of year	534,228	404,209
Additional investment	-	493,471
Share of current year's profits, net of tax	36,179	11,760
Share of current year's reserves	113,698	33,018
Disposals	(146,930)	(400,162)
Reclassified to investment securities	(476,181)	-
Dividends	(21,741)	(8,068)
Balance at end of year	39,253	534,228

In March 2005, the Group sold 9,000,000 of its shares in Guardian Holdings Limited

(GHL). This reduced the Group's interest in GHL from 20% to 15%, resulting in the Group discontinuing its accounting treatment of GHL as an associate company. The Group's residual shareholding in GHL is now reflected as an available-for-sale investment at fair value. Consequently, a realised gain from sale of shares of $229 million was recognised through the profit and loss and an unrealised gain on the revaluation of the residual shares held in GHL to fair value of $564 million, net of tax, was recognised directly through shareholders' equity.

8.2 Associate companies at 31 March 2005

	Country of incorporation	**Percentage of equity capital held**
Development Finance Limited	Republic of Trinidad and Tobago	31.1%
Infolink Services Limited	Republic of Trinidad and Tobago	25.0%
Park Court Limited	Republic of Trinidad and Tobago	20.0%

8.3 Movement in interest in joint venture

	2005 ($'000)	**2004 ($'000)**
Balance at beginning of year	135,399	120,822
(Repayments)/additional investment during the year	(1,360)	7,460
Share of current year's profits, net of tax	11,554	7,878
Dividends	(3,089)	(761)
Balance at end of year	142,504	135,399

8.4 Joint venture at 31 March 2005

	Country of incorporation	**Percentage of equity capital held**
RGM Limited	Republic of Trinidad and Tobago	33 1/3%

9. Derivative Financial Instruments and Other Trading Liabilities

Types

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity or bond price, or commodity price or index, The Group utilises the following derivative instruments:

Interest rate swaps

These are financial transactions in which two counterparties exchange fixed and floating interest cash flows over a period of time based on rates applied to defined notional principal amounts.

Total return swaps

These are commitments to exchange one set of cash flows for another. Total return swaps result in an economic exchange of price changes and interest rates (for example fixed rate for floating rate). No exchange of principal takes place. The Group entered into total return swaps in connection with its own asset/liability management activities. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a portion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques followed in its lending activities.

Currency swaps

These are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies and/or interest rates (for example fixed rate for floating rate, US for Euro etc.). The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. The risk is monitored on an ongoing basis with reference to interest rates, curvature of the yield curve and foreign exchange rates. To control the level of risk taken, the Group assesses counterparties using the same techniques followed in its lending activities.

Equity and commodity options

These are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a commodity or a financial instrument at a pre-determined price. In consideration for the assumption of price risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Group and a customer.

Notional amounts and fair values

The notional amount of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates, commodity prices or indices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The notional amounts and fair values of derivative financial instruments held are set out in the following table.

	Contract/Notional Amount ($'000)	Fair Values Assets ($'000)	Fair Values Liabilities ($'000)
Year ended 31 March 2005			
Derivatives held-for-trading			
Interest rate swaps	900,165	26,411	7,276
Currency swaps	1,365,963	186,049	91,806
Equity options		907	-
Derivative financial instruments		213,367	99,082
		========	
Other trading liabilities			
Treasury bills sold not yet repurchased			597,276
Derivative financial instruments and other trading liabilities			696,358
			========

	Contract/Notional Amount ($'000)	Fair Values Assets ($'000)	Fair Values Liabilities ($'000)
Year ended 31 March 2004			
Derivatives held-for-trading			

Interest rate swaps	558,604	24,945	5,691
Total return swaps	132,991	-	-
Currency swaps	1,304,763	230,305	109,897
Equity options	79,319	-	-
		255,250	115,588

Credit risk

Credit risk from derivative transactions is generated by the potential for the counter-party to default on its contractual obligations. The Group restricts its exposure to credit losses on derivative instruments by entering into master netting arrangements contained in the "ISDA Agreements" with its counterparties and where applicable supplements its position with collateral.

10. Goodwill

	2005 ($'000)	**2004 ($'000)**
Goodwill	441,497	446,682
Negative goodwill	-	(14,911)
	441,497	431,771

10.1 Goodwill

Balance at beginning of year	446,682	428,031
Acquisitions (Note 40)	46,832	80,549
Disposals	(52,017)	(37,121)
Amortisation charge	-	(25,001)
Translation adjustment	-	224
Balance at end of year	441,497	446,682

Cost	441,497	536,715
Accumulated amortisation	-	(90,033)
Balance at end of year	441,497	446,682

In accordance with the adoption of IFRS 3, accumulated amortised goodwill as at 1 April 2004 has been eliminated with a corresponding decrease in the cost of goodwill.

	2005 ($'000)	2004 ($'000)
10.2 Negative goodwill		
Balance at beginning of year	(14,911)	(97,898)
Transfer to opening retained earnings on adoption of IFRS 3	14,911	-
Transferred to income	-	39,721
Reversal of deferred tax asset	-	43,219
Translation adjustment	-	47
Balance at end of year	-	(14,911)

Goodwill on assets acquired was assessed to determine the need for an impairment provision as at the year end, in accordance with IFRS 3 - Business Combinations. This assessment included, but was not restricted to, the review and consideration of the cash flows, profitability, market positions and technology components of the acquired assets. Based on the results of the assessment, goodwill was deemed not to be impaired as at 31 March 2005 and as such no impairment charge was required.

11. Premises And Equipment

	Freehold Properties ($'000)	Leasehold Properties ($'000)	Leasehold Improvements ($'000)	Equipment ($'000)	Capital Work in Progress ($'000)	Total ($'000)
Year ended 31 March 2005						
Opening net book value	341,034	17,196	68,425	358,951	66,465	852,071
Translation adjustment	(352)	-	(7)	(328)	(12)	(699)
Adjusted opening net book value	340,682	17,196	68,418	358,623	66,453	851,372
Additions upon acquisition of subsidiary	41,049	-	2,729	6,955	-	50,733
Additions	12,952	-	5,831	66,160	94,502	179,445
Disposals	-	-	(64)	(5,594)	(19,533)	(25,191)
Transfers	24,393	-	406	34,390	(59,189)	-
Depreciation charge	(10,877)	(384)	(6,577)	(91,583)	-	(109,421)

closing net book value	408,199	16,812	70,743	368,951	82,233	946,938
At 31 March 2005						
Cost	480,287	20,412	142,103	995,766	82,233	1,720,801
Accumulated depreciation	(72,088)	(3,600)	(71,360)	(626,815)	-	(773,863)
Net book value	408,199	16,812	70,743	368,951	82,233	946,938

	Freehold Properties ($'000)	**Leasehold Properties ($'000)**	**Leasehold Improvements ($'000)**	**Equipment ($'000)**	**Capital Work in Progress ($'000)**	**Total ($'000)**
At 31 March 2004						
Cost	398,758	20,412	129,423	870,622	66,465	1,485,680
Accumulated depreciation	(57,724)	(3,216)	(60,998)	(511,671)	-	(633,609)
Net book value	341,034	17,196	68,425	358,951	66,465	852,071

Included in premises and equipment is equipment leased by Group companies to third parties under operating leases:

	2005 ($'000)	**2004 ($'000)**
Cost	63,630	50,280
Accumulated depreciation	(21,845)	(15,952)
Net book value	41,785	34,328
Depreciation charge for the year	11,186	9,154

12. Deferred Taxation

The following amounts are shown in the consolidated balance sheet:

Deferred tax assets	22,560	14,652
Deferred tax liabilities	(319,793)	(108,146)
	(297,233)	(93,494)

The movement on the deferred tax account is as follows:

At beginning of year	(93,494)	(4,417)
Amount acquired on acquisition of subsidiary	(2,394)	-
Effect of difference in exchange rate	(137)	(2,722)
Profit and loss account credit/(charge) (Note 28)	22,049	(46,862)
Investment revaluation reserve		
- Fair value gains	(227,438)	(4,996)
- Gains transferred to the profit and loss account	4,181	8,722
Reversed to negative goodwill	-	(43,219)
At end of year	(297,233)	(93,494)

Deferred tax assets and liabilities are attributable to the following items:

Deferred tax assets

Investment securities available-for-sale	4,807	-
Post retirement medical benefits	12,080	-
Accelerated tax depreciation	1,148	798
Tax losses	4,525	13,854
	22,560	14,652

Deferred tax liabilities

Accelerated goodwill amortisation	15,150	10,927
Accelerated tax depreciation	34,979	27,390
Post retirement medical benefits	(304)	-
Investment securities available-for-sale	252,891	24,827
Investment securities held-for-trading	(18,225)	(1,942)
Unrealised gains on derivative financial instruments	32,409	41,899
Regulatory loan loss reserve	10,571	13,468
Provision for impairment losses on loans	(7,678)	(8,423)
	319,793	108,146

13. Other Assets

Investment income receivable	187,613	268,389
Corporation tax recoverable	31,612	1,803
Other taxes recoverable	258	69,094
Other	586,323	171,388
	805,806	510,674

14. Customers' Deposits

Deposit balances	20,510,428	17,965,771
Accrued interest	137,705	170,591
	20,648,133	18,136,362

Sectoral analysis

Consumers	11,574,742	9,933,185
Private sector	7,049,111	6,485,895
State sector	1,273,730	868,308
Other	612,845	678,383
	20,510,428	17,965,771

15. Other Funding Instruments

	2005 ($'000)	**2004 ($'000)**
Other funding instruments	5,737,287	6,457,257
Accrued interest	68,184	77,501
	5,805,471	6,534,758
Sectoral analysis		
Consumers	1,133,846	1,031,994
Private sector	3,218,042	4,052,929
State sector	1,308,155	1,268,283
Other	77,244	104,051

	5,737,287	6,457,257

Other funding instruments consist of asset-backed fund raising instruments which include securities sold subject to repurchase agreements (repos).

16. Other Borrowed Funds

Short-term credit lines	184,724	155,608
Long-term loan agreements	667,155	237,002
Private placements	714,173	530,289
	1,566,052	922,899
Accrued interest	11,583	3,338
	1,577,635	926,237

As part of its fund raising activities, the Group accesses different sources of financing among short-term, long-term and private placements.

Short-term borrowings consist of revolving credit lines and other bank credit line facilities with maturities up to one year, Long-term borrowings consist of bank borrowings with maturities in excess of five years. Private placements consist of commercial paper issued by the Group to selected sophisticated investors with maturities of up to three years.

Borrowings are denominated in a variety of currencies in which the Group is doing business. The largest portion of borrowings, as at 31 March, 2005 is denominated in US dollars, amounting to US$252 million (2004 - US$141m). Interest rates on borrowings in US dollars as at 31 March 2005 ranged from 2.65% to 5.85% (2004 - 1.71% to 3.78%).

17. Debt Securities In Issue

	2005 ($'000)	**2004 ($'000)**
Debt securities in issue	541,061	250,000
Accrued interest	6,160	336
	547,221	250,336

Debt securities in issue as at 31 March 2005 include the following:

	Term	Maturity Date	Interest Rate
TT$200 Million Bond	10 years	April 2014	6.75% Fixed
US$100 Million Bond	10 years	March 2015	6.60% Fixed
TT$250 Million Bond	7 years	September 2007	12.25% Fixed
US$40 Million Bond	5 years	December 2009	5.87%

These financial statements account only for debt securities to the extent that they are participated in by third parties.

18. Post Retirement Medical Benefit Obligations

During the year the Group actuarially valued the cost of providing post retirement medical benefits for its employees in Trinidad and Tobago in accordance with IAS 19. The report from the independent actuaries revealed that the Group had a defined medical benefit obligation of $111 million as at 31 March 2005. The liability has been fully recognised in the profit and loss account for the current year ended 31 March 2005.

The main assumptions of the actuaries were a discount rate of 6.5% and a medical cost inflation rate of 5.5%.

19. Minority Interest

Balance at beginning of year	46,936	40,499
Share of profit, net of tax	9,116	8,628
Dividends	(3,545)	(2,571)
Translation adjustment	(2)	(13)
Investment revaluation reserve	287	449
Transfer from retained earnings	-	(56)
Balance at end of year	52,792	46,936

20. Share Capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

342,852,897 (2004 - 341,462,430) ordinary shares of no par value	845,623	825,006

At the Annual Meeting in 1999, the shareholders approved the establishment of a share option plan for non-executive directors and senior management. The shareholders also approved the number of shares allocated to the Plan.

	2005 ($'000)	**2004 ($'000)**
The status of shares allocated to the plan as at the year end is as follows:		
Total number of shares allocated to the plan	17,012,164	17,012,164
Issued pursuant to exercise of options	(2,633,317)	(1,242,850)
Outstanding options	(2,928,849)	(3,670,309)
Remaining shares allocated to the plan in respect of which options have not been granted	11,449,998	12,099,005

The movement in the number of share options outstanding for the year is as follows:

At beginning of year	3,670,309	3,447,448
Granted	886,849	1,414,466
Exercised	(1,390,467)	(1,039,262)
Lapsed	(237,842)	(152,343)
At end of year	2,928,849	3,670,309

The options granted are exercisable at the market value of the shares on the respective dates of grant.
Options are exercisable starting one year from the grant date up to the tenth anniversary of the date of grant.
The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options were granted on 1 April 2004 at a price of $45.30 (1 April 2003: $21.60).

Options were exercised during the financial year at a weighted average price of $14.83 (2004: $13.15).

21. Statutory Reserves

The Financial Institutions Act, 1993 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution. The Central Banks of Aruba, Curacao, Barbados, Jamaica and the Eastern Caribbean impose similar obligations on financial institutions operating within their territories.

	2005 ($'000)	**2004 ($'000)**
22. Other Reserves		
Capital reserve	82,114	75,280
Translation reserve	(194,380)	(230,554)
Investment revaluation reserve	573,817	158,307
General banking risks reserve	172,883	137,289
	634,434	140,322
Capital reserve		
Balance at beginning of year	75,280	75,272
Currency translation differences arising during the year	-	(3)
Disposal of associate company	(847)	(1,363)
Other reserve movements	7,681	1,374
Balance at end of year	82,114	75,280
Translation reserve		
Balance at beginning of year	(230,554)	(137,048)
Currency translation differences arising during the year	20,924	(98,699)
Disposal of associate company	15,250	5,193
Balance at end of year	(194,380)	(230,554)

Investment revaluation reserve - securities available-for-sale

Balance at beginning of year	158,307	148,642
Fair value gains arising during the year, net of tax	543,553	120,834
Realised gains transferred to income, net of tax	(12,821)	(30,039)
Disposal of associate company	(115,222)	(81,754)
Transfer to retained earnings	-	624
Balance at end of year	573,817	158,307

Fair value gains arising during the year include the one-time adjustment of $564 million for revaluation of the Group's residual shareholding in GHL (Note 8.1).

General banking risks' reserve

Balance at beginning of year	137,289	12,338
Reclassification from allowance for loan losses	-	93,374
Currency translation differences arising during the year	3	4
Transferred from retained earnings	35,591	31,573
Balance at end of year	172,883	137,289

23. Interest Income

Loans and advances to customers	1,597,171	1,356,069
investment and originated securities	1,003,520	1,089,044
Due from banks	38,049	39,798
	2,638,740	2,484,911

24. Interest Expense

	2005 ($'000)	**2004 ($'000)**
Customers' deposits	543,543	525,344
Due to banks	60,693	93,660
Other interest bearing liabilities	417,446	402,311
	1,021,682	1,021,315

25. Other Income

Fees and commissions	710,714	685,016
Net investment trading income (Note 25.1)	29,122	193,755
Foreign exchange earnings	192,691	171,758
Gain on sale of shares in associate company (Note 8.1)	228,804	-
Sundry income	6,652	4,503
	1,167,983	1,055,032

25.1 Net investment trading income

Realised and unrealised (losses)/gains on securities held-for-trading, derivative financial instruments and other trading liabilities	(26,658)	141,138
Realised gains on available-for-sale securities	55,780	52,617
	29,122	193,755

26. Operating Expenses

Staff costs	1,004,428	791,475
Other operating expenses	670,153	630,188
	1,674,581	1,421,663

Staff costs include:		
Employees' pension benefit expense	55,792	47,619
Post-retirement medical benefit expense	111,108	-

The average number of employees in 2005 was 5,001 (2004: 4,605).

27. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting) the following:

Depreciation	109,421	103,669
Deposit insurance premium (see below)	12,131	8,991

Operating lease-rentals	53,060	51,013
Goodwill amortised	-	25,001
Negative goodwill recognised	-	(39,721)
Directors' remuneration	5,082	4,381
Auditors' remuneration	5,159	4,236

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago stipulate that an annual premium be paid to the Deposit Insurance Fund of 0.2% of average deposit liabilities outstanding at the end of each quarter of the preceding year. Similar regulations exist in Jamaica which stipulate that an annual premium be paid to the Jamaica Deposit Insurance Corporation of 0.1% of insurable deposits and other funds outstanding at the end of the preceding year.

28. Taxation	**2005 ($'000)**	**2004 ($'000)**
Current tax charge	189,506	112,639
Green fund levy	2,526	2,572
Prior years	(4,496)	(24,683)
Net deferred tax (credit)/charge (Note 12)	(22,049)	46,862
Share of tax charge of associate companies and joint venture	19,876	25,002
	185,363	162,392

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate of the home country of the parent company as follows:

Profit before tax	1,116,354	974,160
Prima facie tax calculated at a rate of 30%	334,906	292,248
Effect of different tax rates in other countries	(4,402)	5,720
Effect of different tax rates on certain sources of income	-	2,136
Income exempt from tax	(243,787)	(141,285)
Expenses not deductible for tax	23,347	21,199
Utilisation of tax losses not previously recognised	(14,747)	(49,214)
Effect of current year unrecognised tax losses	94,388	36,121

Prior years	(4,496)	(24,683)
Green fund levy	2,526	2,572
Business levy	528	384
Other	(2,900)	17,194
	185,363	162,392

The deferred tax (credit)/charge for the year comprises the following temporary differences:

Accelerated goodwill amortisation	4,223	10,985
Accelerated tax depreciation	5,736	6,104
Zero coupon instruments	-	(1,747)
Unrealised gains on derivative financial instruments	(9,490)	41,899
Provision for impairment losses on loans	745	(8,423)
Investment securities held for trading	(16,283)	(1,942)
Post retirement medical benefits	(13,036)	-
Tax losses	9,329	-
Regulatory loan loss reserve	(2,897)	-
Other temporary differences	(376)	(14)
	(22,049)	46,862

29. Earnings Per Share

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2005 ($'000)	**2004 ($'000)**
Net profit attributable to shareholders	921,875	803,140
Weighted average number of ordinary shares in issue	342,491	340,835
Basic earnings per share	$2.69	$2.36

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares which is share options granted to non-executive directors and senior management (See Note 20).

Weighted average number of ordinary shares for diluted earnings per share	343,849	342,579
Diluted earnings per share	$2.68	$2.35

30. Dividends

On 12 May 2005, the Board of Directors declared a final dividend of 77 cents per share bringing the total dividends in respect of the current year to $1.18 per share (2004 - $1.00 per share). These financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 March 2006.

Dividends accounted for as an appropriation of retained earnings are as follows:

Final dividend for 2004 - 61 cents per share (2003 - 42 cents per share)	208,863	143,008
Interim dividend - 41 cents per share (2004 - 39 cents per share)	140,492	132,843
	349,355	275,851

31. Contingent Liabilities

Legal proceedings

As at 31 March 2005, there were certain legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

32. Credit Commitments

Sectoral analysis of credit commitments are as follows:

	2005 ($'000)	2004 ($'000)
Residential mortgages	176,371	83,009
Commercial mortgages	397,651	117,814
Distribution	197,938	84,607
Construction	132,453	69,425
Consumer	43,744	88,774
Manufacturing	53,725	72,427
Finance and insurance	765	8,978
Transport	19,523	4,433
Hospitality	30,070	21,731
Professional services	113,621	153,456
Utilities	-	17,337
Petroleum	266,169	10,093
Real estate	18,776	3,479
Health services	-	24,039
Other	181,167	206,021
	1,631,973	965,623

33. Capital And Lease Commitments

The Group's commitments, principally in respect of renovations to buildings and information technology projects, are $41.7 million as at 31 March 2005 (2004 - $11.9 million).

Operating lease commitments are as follows:

Premises

	2005 ($'000)	2004 ($'000)
Within one year	35,179	33,169
One to five years	122,647	114,929
	157,826	148,098

34. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate parent of the Group is RBTT Financial Holdings Limited.

A number of banking transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

35. Currency Risk

Concentrations of Assets and Liabilities

With the exception of US dollars, the currencies below are the operational currencies of companies within the Group. Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Foreign currency transactions do not require the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity. The Group has the following significant currency positions:

	TT ($'000)	**US ($'000)**	**Eastern Caribbean ($'000)**	**Netherlands Antilles Florins ($'000)**	**JMD ($'000)**	**Other ($'000)**	**Total ($'000)**
As at 31 March 2005							
Assets							
Cash on hand and due from banks	323,774	2,144,066	200,224	181,200	92,580	711,781	3,653,625
Balances with central banks	649,840	-	142,692	410,284	247,975	152,586	1,603,377
Loans and advances to customers	5,169,544	5,029,156	1,275,738	3,639,796	916,669	916,410	16,947,313
Originated securities	212,497	1,191,869	245,386	-	-	341,775	1,991,527
Investment securities	3,252,213	4,728,651	117,901	267,553	1,679,794	347,690	10,393,802
Customers' liability							

under acceptances, guarantees and letters of credit (per contra)	516,809	613,592	29,223	35,017	18,509	218,381	1,431,531
Goodwill	102,075	-	22,801	308,971	-	7,650	441,497
Premises and equipment	491,767	925	58,765	217,039	99,315	79,127	946,938
Other assets	739,790	338,072	27,790	29,653	77,301	27,051	1,239,657
Total Assets	11,458,309	14,046,331	2,120,520	5,089,513	3,132,143	2,802,451	38,649,267
Liabilities							
Due to banks	224,008	1,864,346	31,876	121,981	45,423	65,369	2,353,003
Customers' deposits	5,464,454	4,953,263	2,235,270	4,203,119	1,523,330	2,268,697	20,648,133
Other funding instruments	1,492,319	3,562,339	55,798	-	695,015	-	5,805,471
Debt securities in issue	431,125	116,096	-	-	-	-	547,221
Other borrowed funds	1,628	1,532,731	-	-	43,276	-	1,577,635
Acceptances, guarantees and letters of credit (per contra)	516,809	613,592	29,223	35,017	18,509	218,381	1,431,531
Other liabilities	998,393	670,896	23,910	156,452	130,260	70,884	2,050,795
Total Liabilities	9,128,736	13,313,263	2,376,077	4,516,569	2,455,813	2,623,331	34,413,789
Net Balance Sheet Position	2,329,573	733,068	(255,557)	572,944	676,330	179,120	4,235,478
Credit Commitments	376,866	898,916	105,010	44,134	29,351	177,696	1,631,973

	TT ($'000)	**US ($'000)**	**Eastern Caribbean ($'000)**	**Netherlands Antilles Florins ($'000)**	**JMD ($'000)**	**Other ($'000)**	**Total ($'000)**
As at 31 March 2004							
Total Assets	10,304,489	12,192,631	2,034,572	4,699,770	2,942,719	1,230,262	33,404,443
Total Liabilities	7,687,152	12,638,361	2,189,361	4,317,828	2,338,501	1,078,977	30,250,180
Net Balance Sheet Position	2,617,337	(445,730)	(154,789)	381,942	604,218	151,285	3,154,263
Credit Commitments	202,438	371,108	97,900	253,769	24,293	16,115	965,623

36. Interest Rate Risk

Interest Sensitivity of Assets and Liabilities

The Group is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management sets limits on the level of mismatch of interest rate repricing that may be undertaken. The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	**One to five years ($'000)**	**Over five years ($'000)**	**Non-interest bearing ($'000)**	**Total ($'000)**
As at 31 March 2005					
Assets					
Cash on hand and due from banks	2,219,296	-	-	1,434,329	3,653,625
Balances with central banks	40,000	-	-	1,563,377	1,603,377
Loans and advances to customers	10,596,542	2,809,086	3,410,501	131,184	16,947,313
Originated securities	215,933	479,371	1,296,223	-	1,991,527
Investment securities	4,994,112	1,358,651	2,746,800	1,294,239	10,393,802
Other assets	1,459,945	-	-	2,599,678	4,059,623
Total Assets	19,525,828	4,647,108	7,453,524	7,022,807	38,649,267
Liabilities					
Due to banks	2,059,377	92,914	-	200,712	2,353,003
Customers' deposits	16,234,570	1,126,139	666,255	2,621,169	20,648,133
Other funding instruments	5,232,851	490,374	14,062	68,184	5,805,471
Other borrowed funds	427,757	82,903	1,055,392	11,583	1,577,635
Debt securities in issue	-	250,000	291,061	6,160	547,221
Other liabilities	1,961,655	-	-	1,520,671	3,482,326
Total Liabilities	25,916,210	2,042,330	2,026,770	4,428,479	34,413,789
Interest Sensitivity Gap	(6,390,382)	2,604,778	5,426,754		

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at 31 March 2004					
Assets					
Cash on hand and due from banks	2,358,646	-	-	1,204,958	3,563,604
Balances with central banks	169,374	-	-	1,529,529	1,698,903
Loans and advances to customers	8,848,952	2,001,339	2,472,267	110,016	13,432,574
Originated securities	142,776	417,510	1,125,783	-	1,686,069
Investment securities	5,378,097	1,003,272	2,035,485	39,196	8,456,050
Other assets	2,088,448	-	-	2,478,795	4,567,243
Total Assets	18,986,293	3,422,121	5,633,535	5,362,494	33,404,443
Liabilities					
Due to banks	1,059,273	120,310	-	396,444	1,576,027
Customers' deposits	14,859,362	823,780	6,315	2,446,905	18,136,362
Other funding instruments	5,839,607	296,490	321,160	77,501	6,534,758
Other borrowed funds	847,584	-	75,315	3,338	926,237
Debt securities in issue	-	250,000	-	336	250,336
Other liabilities	1,963,702	-	-	862,758	2,826,460
Total Liabilities	24,569,528	1,490,580	402,790	3,787,282	30,250,180
Interest Sensitivity Gap	(5,583,235)	1,931,541	5,230,745		

Operating in markets where short term core funding is the norm, the Group employs various asset/liability techniques to manage its exposure to interest rate sensitivity gaps. Management of repricing risk is facilitated mainly through the offering of variable rate lending products. Risk management practices include the matching of funding products with financing services, monitoring directional interest rate risks, yield curves, prepayment risk and interest rate volatility risk all through a robust and centralised treasury operation.

37. Liquidity Risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and other calls on cash settled items. A broad range of wholesale and retail funds are managed to ensure that liquidity requirements are met. The Group's liquidity strategy relies on sufficient cash and marketable instruments such as treasury bills and government securities to meet short term requirements. Fall back techniques include access to local interbank and institutional markets, call features on selected advances, stand-by lines of credit with external parties, and the ability to close out or liquidate market positions. Daily float, liquid assets, funding concentration and diversification are all prudently managed to ensure that the Group has sufficient funds to meet its obligations. The table below analyses assets and liabilities of the Group into relevant maturity groupings.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2005				
Assets				
Cash on hand and due from banks	3,462,140	-	191,485	3,653,625
Balances with central banks	1,355,402	-	247,975	1,603,377
Loans and advances to customers	6,771,379	4,124,825	6,051,109	16,947,313
Originated securities	135,938	485,641	1,369,948	1,991,527
Investment securities	5,576,188	1,539,438	3,278,176	10,393,802
Other assets	2,441,224	6,698	1,611,701	4,059,623
	19,742,271	6,156,602	12,750,394	38,649,267
Liabilities				
Due to banks	1,879,852	473,151	-	2,353,003
Customers' deposits	19,707,794	909,457	30,882	20,648,133
Other funding instruments	5,259,088	490,374	56,009	5,805,471
Other borrowed funds	338,088	82,903	1,156,644	1,577,635
Debt securities in issue	6,160	250,000	291,061	547,221
Other liabilities	2,910,555	34,169	537,602	3,482,326
	30,101,537	2,240,054	2,072,198	34,413,789
Net Liquidity Gap	(10,359,266)	3,916,548	10,678,196	4,235,478
As at 31 March 2004				
Total assets	19,198,165	4,553,537	9,652,741	33,404,443
Total liabilities	27,679,653	2,067,992	502,535	30,250,180
Net Liquidity Gap	(8,481,488)	2,485,545	9,150,206	3,154,263

38. Segmental Information

By Geographic Segment

Trinidad and Tobago is the home country of the parent company and several other primary operating subsidiaries.

The Group's exposures to credit risk are mainly concentrated in Trinidad and Tobago, Jamaica, the Netherlands Antilles, Aruba, Barbados and Grenada. The Group accounts for a significant share of credit exposure to many sectors of these economies. However, credit risk is well spread over a diversity of personal and commercial customers.

The Group's operations are managed principally along four geographic regions within the Caribbean basin:

- Trinidad and Tobago
- Dutch Caribbean territories (including Aruba, the Netherlands Antilles and Suriname)
- Jamaica
- Other Caribbean territories (including Barbados, Antigua, St. Lucia, St. Vincent & the Grenadines, St. Kitts & Nevis, Grenada and the British Virgin Islands)

	Trinidad & Tobago ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Other Caribbean Territories ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2005						
Total income	2,314,336	826,194	633,913	478,508	(446,228)	3,806,723
Operating Profit	627,035	153,930	159,645	108,135	-	1,048,745
Share of profits of associate companies and joint venture before tax	67,609	-	-	-	-	67,609
Profit before taxation	694,644	153,930	159,645	108,135	-	1,116,354
Taxation	(109,384)	(47,415)	(17,301)	(11,263)	-	(185,363)
Profit after taxation	585,260	106,515	142,344	96,872	-	930,991
Minority interest	(1,405)	-	-	(7,711)	-	(9,116)
Profit attributable to shareholders	583,855	106,515	142,344	89,161	-	921,875

Total assets	23,199,604	10,252,793	4,516,775	6,809,828	(6,129,733)	38,649,267
Total liabilities	19,253,259	9,794,612	4,180,507	6,501,975	(5,316,564)	34,413,789
Other segment items:						
Capital expenditure on premises and equipment	108,647	38,233	23,387	9,088	-	179,445
Depreciation expense	61,752	26,859	11,060	9,750	-	109,421
Goodwill acquired	-	-	-	46,832	-	46,832
Impairment charge						
- Loans and advances to customers	7,534	39,212	2,309	5,549	-	54,604
- Investment securities	2,700	-	-	4,411	-	7,111

	Trinidad & Tobago ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Other Caribbean Territories ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2004						
Total income	2,016,092	739,230	751,587	395,190	(362,156)	3,539,943
Operating Profit	560,016	102,819	149,756	116,929	-	929,520
Share of profits of associate companies and joint venture before tax	44,640	-	-	-	-	44,640
Profit before taxation	604,656	102,819	149,756	116,929	-	974,160
Taxation	(122,575)	(26,228)	(6,483)	(7,106)	-	(162,392)
Profit after taxation	482,081	76,591	143,273	109,823	-	811,768
Minority interest	(852)	-	-	(7,776)	-	(8,628)
Profit attributable to shareholders	481,229	76,591	143,273	102,047	-	803,140
Total assets	20,466,286	9,514,514	3,965,561	3,774,230	(4,316,148)	33,404,443
Total liabilities	17,392,128	8,618,617	3,732,041	4,093,694	(3,586,300)	30,250,180

Other segment items:

Capital expenditure on premises and equipment	109,660	21,970	18,708	6,739	-	157,077
Depreciation expense	59,133	24,973	14,259	5,304	-	103,669
Goodwill acquired	80,549	-	-	-	-	80,549
Impairment charge						
- Loans and advances to customers	73,892	25,112	12,195	20,674	-	131,873
- Investment securities	35,572	-	-	-	-	35,572

By Business Lines

The segment information by business lines is provided to comply with IAS 14 and does not reflect the way the Group is managed. Management believes that the analysis by geographic segment is a more meaningful representation of the way in which the Group is managed.

	Retail & Commercial Banking ($'000)	**Investment Banking ($'000)**	**Trust & Asset Management ($'000)**	**Others ($'000)**	**Total ($'000)**
As at and for the year ended 31 March 2005					
Total income	2,712,982	536,601	325,069	232,071	3,806,723
Profit before taxation	483,497	299,460	225,379	108,018	1,116,354
Total assets	29,408,390	5,629,867	1,778,804	1,832,206	38,649,267
Total liabilities	26,849,249	5,345,915	1,561,545	657,080	34,413,789
Capital expenditure on premises and equipment	149,088	22,898	7,459	-	179,445
As at and for the year ended 31 March 2004					
Total income	2,531,667	732,802	275,474	-	3,539,943

Profit before taxation	376,534	420,402	153,342	23,882	974,160
Total assets	25,557,197	5,694,335	1,499,061	653,850	33,404,443
Total liabilities	23,561,805	5,339,766	1,335,897	12,712	30,250,180
Capital expenditure on premises and equipment	124,272	24,946	7,859	-	157,077

39. Fair Value of Financial Assets and Liabilities

Financial assets and liabilities not carried at fair value include cash resources, loans and advances to customers, originated securities, investment securities held-to-maturity, due to banks, customers' deposits, other funding instruments, other borrowed funds and debt securities in issue. The following comments are relevant to their fair value.

Assets

Cash on hand and due from banks and balances with central banks

Since these assets are short-term in nature, the values are taken as indicative of realisable value.

Loans and advances to customers

Loans and advances are stated net of specific provision for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

Originated securities

Fair value for originated securities is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit characteristics or discounted cash flow models.

	Carrying Value ($'000)	Fair Value ($'000)
Balance at 31 March 2005	1,991,527	2,063,702
Balance at 31 March 2004	1,686,069	1,806,374

Investment securities held-to-maturity

Fair value for held-to-maturity assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit characteristics or discounted cash flow models.

	Carrying Value ($'000)	Fair Value ($'000)
Balance at 31 March 2005	2,081,016	2,091,987
Balance at 31 March 2004	1,632,899	1,651,624

Liabilities

Due to banks, customers' deposits and other funding instruments

Deposits with fixed rate characteristics are at rates which are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

Other borrowed funds

Other borrowed funds are carried at amounts which reflect contractual obligations and bear terms and conditions similar to current rates offered to the Group for debt of the same remaining maturities.

Debt securities in issue

The fair value is calculated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

	Carrying Value ($'000)	**Fair Value ($'000)**
Balance at 31 March 2005	541,061	579,061
Balance at 31 March 2004	250,000	293,158

40. Subsidiaries

	Country of Incorporation	**Percentage of equity capital held**
RBTT Bank Limited	Republic of Trinidad and Tobago	100%
RBTT Merchant Bank Limited	Republic of Trinidad and Tobago	100%
RBTT Trust Limited	Republic of Trinidad and Tobago	100%
RBTT Services Limited	Republic of Trinidad and Tobago	100%
RBTT Insurance Holdings Limited	Republic of Trinidad and Tobago	100%
RBTT Insurance Agency Limited	Republic of Trinidad and Tobago	100%
RBTT Overseas Limited	St. Lucia	100%
RBTT Bank (Suriname) N.V.	Republic of Suriname	100%
RBTT Albion Limited	Republic of Trinidad and Tobago	100%
R&M Holdings Limited	St. Vincent and the Grenadines	100%
RBTT Bank Caribbean Limited	St. Vincent and the Grenadines	100%
RBTT Bank (SKN) Limited	St. Kitts & Nevis	94%
RBTT Bank Grenada Limited	Grenada	62%
ABC Holdings N.V.	Netherlands Antilles	100%
ABC International N.V.	Aruba	100%
RBTT Bank N.V.	Netherlands Antilles	100%
RBTT Bank International N.V.	Netherlands Antilles	100%
RBTT Bank Aruba N.V.	Aruba	100%
RBTT International Limited	St. Lucia	100%
RBTT Bank Jamaica Limited	Jamaica	100%
West Indies Stockbrokers Limited	Republic of Trinidad and Tobago	92%

RBTT Finance Limited	British Virgin Islands	100%
RBTT Trust Corporation	Barbados	100%
RBTT Bank Barbados Limited	Barbados	100%

On 24 June 2004, the Group completed the acquisition of 100% of the issued shares of Caribbean Commercial Bank Limited in Barbados (name subsequently changed to RBTT Bank Barbados Limited) for a total consideration of TT$158.7 million. Details of net assets acquired and goodwill are as follows:

	($'000)
Cash consideration	157,739
Acquisition related costs	1,000
Total purchase consideration	158,739
Fair value of net assets acquired	(111,907)
Goodwill	46,832

The details of the assets and liabilities acquired are as follows:	**(TT$'000)**
Cash resources	292,171
Loans and advances to customers	576,288
Investment and originated securities	272,150
Premises and equipment	50,733
Other assets	22,385
	1,213,727
Customers' deposits	(1,055,368)
Due to banks	(10,973)
Other liabilities	(35,479)
	(1,101,820)
Net assets acquired	111,907