RBTT FINANCIAL HOLDINGS LIMITED

Annual Report 2006

Building on a Solid Foundation

Mission Statement

"To excel in the creation and delivery of a comprehensive range of quality financial services through well-trained, committed and rewarded staff, to achieve superior value for our shareholders and customers, and to contribute in an ethical and exemplary way to national and regional development and the social progress and economic prosperity of the peoples we serve."

Consolidated Highlights

Expressed in Trinidad and Tobago Dollars

	2006 ($'000)	2005 ($'000)	Change %
Results for the year ended 31 March			
Profit attributable to shareholders	$ 922,681	$ 914,945	0.8%
Return on average assets	2.4%	2.6%	
Return on average shareholders' equity	22.1%	25.3%	
Diluted earnings per share	$ 2.68	$ 2.66	0.8%
Dividends per share based on results for the Financial Year	$ 1.20	$ 1.18	1.7%
Book value per share	$ 11.86	$ 12.44	(4.7%)
At Year End			
Total Assets	$ 40,727,245	$ 37,341,079	9.1%
Loans & Advances to customers	$ 19,479,610	$ 17,024,261	14.4%
Investment securities	$ 13,201,395	$ 12,619,721	4.6%
Customers' deposits	$ 24,088,987	$ 20,648,133	16.7%
Shareholders' equity	$ 4,074,566	$ 4,266,607	(4.7%)

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RBTT Financial Group — Who we are...

Out of a 104-year-old history has evolved a leading diversified financial services Group comprising 34 subsidiaries and associate companies operating in 13 jurisdictions.

Out of a 104-year-old history has evolved a leading diversified financial services Group comprising 34 subsidiaries and associate companies operating in 13 jurisdictions from Jamaica in the north, to Suriname in the south, and Costa Rica in the west. Managed by a team of professional Caribbean bankers, the Group caters to individuals, conglomerates and multi-national corporations, general commercial entities and the state sector, offering a comprehensive range of financial services.

The RBTT Financial Group includes one of the region's largest networks of financial companies including 10 licensed commercial banks, the RBTT Merchant Bank Limited and RBTT Trust Limited.

The RBTT Merchant Bank is a major provider of specialised financial services that has placed emphasis on pioneering capital market activities throughout the Caribbean and Central America. RBTT Trust's core business is asset management, and it is rapidly developing its capability to deliver global asset management services internally and through alliances with international players.

Operating under a single brand name in all jurisdictions, RBTT is emerging as the leading financial services provider in the region.

RBTT's presence in the Caribbean basin

Notice of Meeting

NOTICE is hereby given that the Eighth Annual Meeting of the Company will be held in the Ballroom of the Crowne Plaza, Wrightson Road, Port of Spain, Trinidad on Thursday, July 6, 2006 at 10:00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To review and consider the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2006 and the Reports of the Directors and Auditors thereon.

2. To re-elect Directors.

3. To re-appoint Auditors and empower the Directors to determine their remuneration for the ensuing year.

BY ORDER OF THE BOARD

Nicole Richards
Corporate Secretary

June 8, 2006

NOTES:

1. No service contracts were entered into between the Company and any of its Directors.

2. In accordance with Section 110(2) of the Companies Act, Chap. 81:01, the Directors of the Company have fixed Thursday, May 25, 2006 as the record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. Only shareholders on record at the close of business on Thursday, May 25, 2006 are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

3. A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. Attached is a Proxy Form for your convenience which must be completed and signed in accordance with the Notes on the Proxy Form and then deposited with the Corporate Secretary at the Registered Office of the Company at least 48 hours before the time appointed for the Meeting.

4. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.

Corporate Information

Board of Directors
Peter J. July – Group Chairman
Suresh B. Sookoo – Group Chief Executive Officer
Gaston S. Aguilera
John P. Andrews
Robert Bermudez
Garth Chatoor
Martin G. Daly, S.C.
Arthur Lok Jack
Miguel A. Pourier
Rodney S. Prasad
Gary N. Voss
Brian W. Young

Corporate Secretary
Nicole Richards
Royal Court
Port of Spain, Trinidad
19 – 21 Park Street

Telephone: 1 (868) 623-1322
Fax: 1 (868) 623-9067

Registered Office
Royal Court
19 – 21 Park Street
Port of Spain, Trinidad

Telephones: 1 (868) 625-RBTT (7288)
1 (868) 623-1322
Fax: 1 (868) 625-3764
E-Mail: info@tt.rbtt.com
Website: www.rbtt.com

Registrar and Transfer Agent
RBTT Trust Limited
Albion Plaza
22 – 24 Victoria Avenue
Port of Spain, Trinidad

Auditors
PricewaterhouseCoopers
11 – 13 Victoria Avenue
Port of Spain, Trinidad

Attorneys-At-Law
M.G. Daly & Partners
115A Abercromby Street
Port of Spain, Trinidad

Hobsons
13 – 17 Keate Street
San Fernando, Trinidad

M. Hamel-Smith & Co.
19 St. Vincent Street
Port of Spain, Trinidad

Lex Caribbean
1st Floor, 5 – 7 Sweet Briar Road
Port of Spain, Trinidad

Board of Directors

Standing, left to right:

John P. Andrews
Chairman
Atlantic LNG

Miguel Pourier
Business Consultant
Netherlands Antilles

Peter J. July
Group Chairman

Nicole Richards
Group Corporate Secretary
& General Counsel

Martin G. Daly, S.C.
Attorney-at-Law
Senior Partner
M.G. Daly & Partners

Garth Chatoor
Chief Executive Officer
The Power Generation Company of
Trinidad & Tobago Limited

Gaston S. Aguilera
Chartered Accountant

Arthur Lok Jack
Chairman and Chief Executive Officer
Associated Brands Industries Limited

Sitting, left to right:

Rodney S. Prasad
Group Director/
Head – RBTT Jamaica

Gary N. Voss
Chairman
Unilever Caribbean Limited

Suresh B. Sookoo
Group Chief Executive Officer

Brian W. Young
Chartered Accountant
Jamaica

Robert Bermudez
Chairman
Bermudez Group limited

Chairman's Report

Poised for Further Growth

It is a truism that in order to achieve great things, you must have strong ambition, a clear vision for success, a plan for getting there and sustained enthusiasm and staying power. At RBTT, we have set our sights high, aspiring not only to leadership in the financial services markets of the Caribbean and Central America, but to generating superior value for our shareholders who stay the course with us. Our Mission Statement reproduced elsewhere in this Annual Report reflects our commitment in this regard.

Management laid the groundwork for the introduction of a new technology platform which will serve all our operating companies across the region.

Fiscal 2006 has been a year of introspection and consolidation for the Group. Management laid the groundwork for the introduction of a new technology platform which will serve all our operating companies across the region, and completed a corporate reorganisation designed to put the right structure and people in place to support our future expansion.

Group Performance – Financial Highlights

With the adoption of IAS 39 during the financial year, the results of the previous year were restated to ensure comparability of information.

The Group has maintained the record level of earnings achieved in the previous year, with Profit Attributable to Shareholders at $923 million, marginally higher than the $915 million achieved in 2005. After eliminating one-time costs and non-core gains in both years, the Group earned Net Profit Attributable to Shareholders of $945 million in fiscal 2006 compared with $832 million the previous year, representing approximately 13.5% growth in core earnings.

Assets grew $3.4 billion or 9% to $40.7 billion with loans and advances increasing $2.4 billion or 14.7% to $19.5 billion, the growth occurring across our markets in Trinidad and Tobago, the Dutch Caribbean, Jamaica, Barbados and Suriname. Investment Securities increased by $581 million or 4.6% to $13.2 billion. Customer Deposits increased by 16.7% or $3.4 billion to $24 billion. Shareholders' Equity decreased by $192 million or 4.5%, mainly as a result of unrealised losses of $576 million from changes in fair value of investment securities, of which $457 million related to the decline in market price of the Group's residual shareholding in Guardian Holdings Limited on the Trinidad and Tobago Stock Exchange. Our cost of credit rose significantly with loss and impairment expenses increasing to $157.3 million from $61.7 million in the previous year, an increase of 155%. However, non-performing loans reduced to $538.8 million as compared with $733.3 million at close of the previous year and represented 2.7% of the total portfolio compared to 4.2% in fiscal 2005 – a significant improvement in asset quality. Our return on assets and return on equity were 2.4% and 22.1% respectively, down from 2.6% and 25.3% in the previous year, however, our efficiency ratio improved from 60.3% in 2005 to 58.0%.

A management discussion and analysis of performance is provided elsewhere in this Annual Report.

Dividends

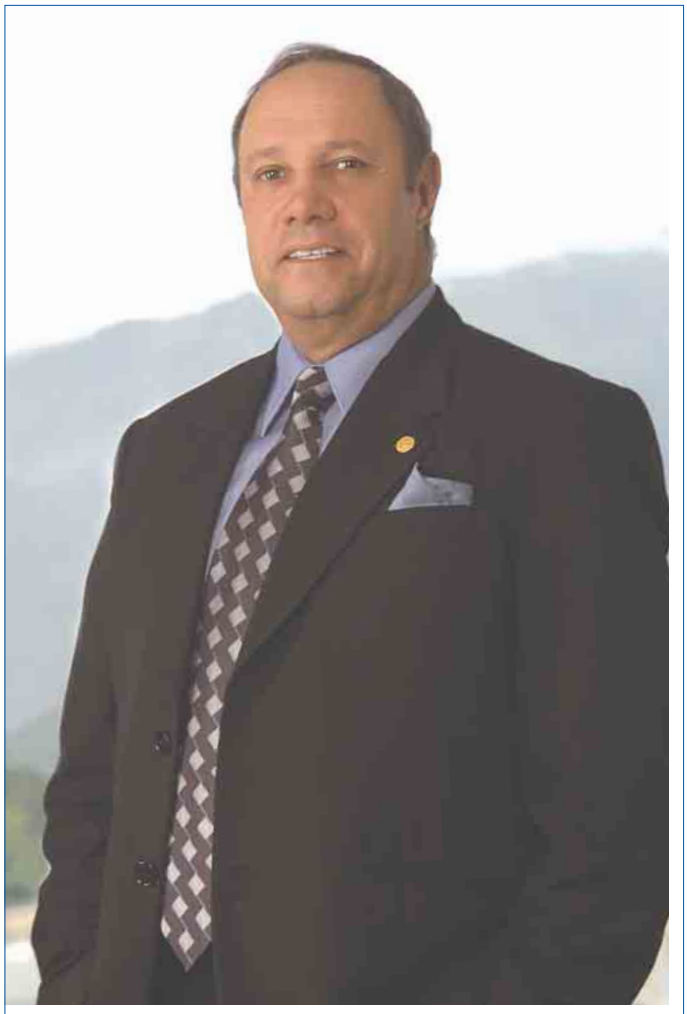
Your Directors have declared a final dividend of 65 cents per share, which when added to the interim dividend of 55 cents, brings the total payment to $1.20 per share, as compared with $1.18 in the previous year.

Shareholder Value

In my Report last year, I noted that our share price of $39.33 at close of fiscal 2005 was at an extraordinary low, given the Group's strong record of performance and positive strategic outlook. A review of the following statistics for the ten-year period 1995 to 2005 clearly demonstrates that the RBTT Group has outperformed its peers:-

Compound Annual Average Growth Rate

Total Assets	**18.9%**
Shareholders' Equity	**24.9%**
Earnings per Share	**21.9%**
Profit After Tax Attributable to Shareholders	**27.1%**



Mr. Peter J. July
Group Chairman

Our share price hit a new low of $31.30 at March 31, 2006, registering a decline of 20.4% over the year. For the most part, the share followed the trend of the overall market, strengthening as the market gained momentum in the first half of 2005, and then weakening as the market went into decline. The portfolio restrictions placed on institutional investors by the Regulators and their consequential withdrawal from the market have had a disastrously negative impact on share prices, and has, in turn, led to an erosion of confidence of the smaller and individual investors. The introduction of electronic trading further aggravated the situation and brought greater volatility as we witnessed the market capitalisation of some of the Caribbean's flagship corporations decimated by price variations induced by trades of small volumes of their shares.

At $31.30 (March 31, 2006), the RBTT share is trading at a P/E multiple of 11.6. This is the lowest multiple of the banks listed on the Trinidad & Tobago Stock Exchange — the rest of the industry are at multiples ranging from 12.6 to 20.7. RBTT, therefore, presents itself as an undervalued share with the highest earnings and dividend yields in the sector. As a further assessment, despite the fact that the market price of Guardian Holdings Limited shares declined steeply to $20.00 at our fiscal year end, which translated into a charge to our equity of $457 million, the market price to book value of RBTT stood at 2.6 times, which is in line with the range associated with value investment criteria.

If the experience of the past is used as a guide to the future, as the institutional investors return to the market, we can expect the considerable potential upside in share prices to materialise.

Executive Changes

There was a change in the Executive leadership of the Group, and I would like to recognise the work of our former Chief Executive Officer – Mr. Jerome Sooklal, who spearheaded the reorganisation exercise to which I referred before, and who has returned to the United States of America to resume his international career. We thank him for contributing to the progress of the Group, and wish him well for the future.

Mr. Suresh Sookoo brings to the position more than 30 years of RBTT experience. His intimate knowledge and understanding of the Organisation is unsurpassed.

Mr. Suresh Sookoo has moved from the position of Group Chief Operating Officer to assume the role of Group Chief Executive Officer. Suresh brings to the position more than 30 years of RBTT experience. His intimate knowledge and understanding of the Organisation is unsurpassed, and I have every confidence that the superior performance and first rate leadership qualities displayed in his previous position as Chief Operating Officer will be reflected in his current role. Suresh has been involved in the transition of RBTT from a small domestic retail bank into a Financial Services Institution with a highly recognised and accepted brand across 13 regional jurisdictions. I believe that shareholders can look forward to solid progress and positive results under his stewardship.

Mr. Nigel Romano has assumed responsibilities as Group Chief Operating Officer, and will provide direct assistance to Mr. Sookoo by leading the administrative and operational arm of the Group. Mr. Romano joined the Group in April 2005 as Head of Strategy and Corporate Development and assumed added responsibility for the Finance function and Operations in November 2005. Nigel brings to the Group more than 15 years of experience in banking with Citigroup in Trinidad and the Far East, and 11 years in public accounting with KPMG and Ernst & Young.

Boards of Directors

In March 2006, we welcomed Mr. Garth Chatoor – the Chief Executive Officer of the Power Generation Company of Trinidad and Tobago Limited to the Board of Directors of RBTT Financial Holdings Limited. He has held senior executive positions for more than 25 years, and adds valuable expertise to the Board. He will also serve on the Board of our fully owned subsidiary – West Indies Stockbrokers Limited (WISE).

Mr. Ruthven Jaggassar assumed a seat on the Board and Chairmanship of West Indies Stockbrokers Limited on November 28, 2005. Mr. Jaggassar retired from the RBTT Group in August, 2001, having served with distinction at a senior executive level in a career which extended over 33 years.

We also strengthened the Boards of some of our other subsidiaries, and I welcome the following distinguished people who have accepted appointments, and who will contribute to the effective governance of the Group.

In Suriname, Dr. Anthony Caram, former Governor of the Central Bank in Aruba joined the Board of RBTT Bank (Suriname) N.V.

In Barbados, Mr. Peter Boos joined the Board of RBTT Bank Barbados Limited. Mr. Boos served for many years as the Executive Chairman of Ernst & Young Caribbean and is presently Chairman Emeritus of that Company. He is also a member of the Board of RBTT Trust Corporation.

In Jamaica, Mr. Chris Bicknell joined the Board of Directors of RBTT Bank Jamaica Limited. Mr. Bicknell is the Chief Executive Officer and a major shareholder of the Tank-Weld Group, a highly successful construction, heavy equipment rental and hardware business.

We said farewell to Mr. Krishna Narinesingh as he retired from the Boards of RBTT Merchant Bank Limited, RBTT Bank Jamaica Limited and West Indies Stockbrokers Limited. Mr. Narinesingh has served the RBTT Group for many decades, and we record our deep appreciation for his distinguished service and contribution.

Appreciation

As is customary, I would also like to take this opportunity to acknowledge the key players responsible for RBTT's success.

Firstly, our shareholders and customers who give us our valuable franchise, and whose confidence in RBTT inspires us to go beyond expectations.

There is demonstration of the work ethic that has enabled RBTT to maintain its status as one of the region's largest and most prestigious institutions.

I am very pleased that the philosophy of going beyond expectations is being rekindled and becoming evident at all levels within the RBTT workforce. From front line staff to senior management, there is demonstration of the work ethic that has enabled RBTT to maintain its status as one of the region's largest and most prestigious institutions. Their loyalty and commitment is acknowledged and deeply appreciated, and I am certain that with the support of our new technology platform, the installation of which is in progress, our goal of customer service par excellence will be achieved.

I wish to make special mention of three people who have retired, after collectively sharing more than 50 years of dedicated service with the Group. I thank Mrs. Helen Drayton, Mr. Eric Thompson and Mr. Philip Marshall for their sterling contribution to RBTT, and wish them a happy, healthy and fulfilling period of retirement.

Finally, I thank my colleagues on the Boards of RBTT Financial Holdings Limited and all other Group Companies for their strong interest, support and sound guidance which continues to be integral to the achievement of the Group's strategic goals.

Outlook

I conclude this Report by reiterating my positive outlook for 2007 and beyond. We have stated our goal. We have a young, enthusiastic, first class management team in place, and an experienced Board of Directors, committed to ensuring good governance, and to providing strong support to the CEO and his senior management team. I am confident that RBTT will continue to make a distinctive mark in the banking and financial services industry, and at the same time, bring superior results for our shareholders.

Peter J. July
Group Chairman

Chief Executive Officer's Letter

Dear Shareholder,

I am honoured and, at the same time, humbled at the prospect of addressing you as RBTT Group Chief Executive Officer (CEO). Having literally grown up in RBTT, taking up this gauntlet holds special significance for me, as I am deeply wedded to the institution. As the new Group CEO, I pledge to marshal all the resources at my disposal to sustain the legacy of success built by my esteemed predecessors. Like them, I am unequivocally committed to the continuation of profitability and sustainable growth. With the support of a highly skilled and dedicated management team, I am confident that the RBTT tradition of growth and profitability will go on.

I pledge to carry on the legacy of success created by my esteemed predecessors.

RBTT today

The RBTT Group is today markedly different from the $2.5 billion Trinidad and Tobago retail bank it was 20 years ago, when we operated 17 branches in a single jurisdiction with 1,374 employees. With an asset base in excess of $40 billion, our company is now a multi-service regional financial institution, comprising 34 companies that employ more than 5,200 people. The Group's banking network includes 81 branches, 204 ATMs and more than 6,000 point-of-sale terminals across 13 jurisdictions in the Caribbean and, more recently, Central America. I make this point to underscore the rapid growth that has characterised our journey over the last two decades. Given the emergent scale of the operation, this year we felt it prudent to undertake a comprehensive review of our organisational structure. This exercise, which was led by my predecessor Jerome Sooklal, has better positioned RBTT for future expansion and growth.

Group Chief Executive Officer, Suresh Sookoo, and Chief Secretary of the Tobago House of Assembly, Orville London, unveil the Foundation Stone, marking construction of RBTT's newest branch in Scarborough, Tobago.

Expanding Horizons

While mergers and acquisitions remain integral to our growth strategy, there is also tremendous opportunity for expansion within our existing markets. The prospects for winning new customers, expanding the share of wallet of existing customers and accessing new markets, are excellent. We continue to innovate and explore new ways to expand our franchise.

In July 2005, we established a formal presence in Central America. The opening of RBTT Merchant Bank's new Representative Office in San José, Costa Rica, marked RBTT's first tangible step beyond the Caribbean. The new office affords us much-improved access to clients and customers in Guatemala, Honduras,

El Salvador and Panama. We are now well-positioned to access the many opportunities in the Central American markets and have already begun to close a number of major deals in the region.

Mr. Suresh B. Sookoo
Group Chief Executive Officer

Gearing for the Future

The recurring themes this year were rationalisation and transformation, as we sought to create a whole far greater than the sum of its parts. Central to this transformation process was the September 2005 launch of our Recast project – a US$53 million investment geared to completely transform the way we operate and, at the same time, fully integrate and connect RBTT regionally. In addition to recasting the Group's Information Technology (IT) architecture, the project will upgrade, re-engineer and standardise processes across our banks, resulting in a fundamental shift in how we do business – facilitating faster processing time; better product delivery and, ultimately improved service to customers.

Recast will be implemented on a phased basis across the Group and is on track to be fully operational in the first quarter of 2008. Jurisdictions will "go live" at different times in the run up to the company coming fully on line by March 2008.

We are embracing the transformation process holistically with everything geared to enhancing the customer's experience – our processes, the technology that supports them, the development of our staff, and the expansion and enhancement of our branch network are all being engineered to delight our customers.

We at RBTT stand by our commitment to contribute meaningfully to the communities we serve. In this regard, we have continued to invest in activities across the region geared to build capability, particularly among our youth, the company's future customers. Going forward, we plan to leverage our extensive branch network to deepen our participation in the community activities across the region in support of sustainable development. Our growth is inextricably linked to that of the communities where we are present.

In June 2007, our regional head office at St Clair Avenue, Port of Spain will be completed; it will be a physical manifestation of the evolved RBTT, the true West Indian multinational, a world-class financial services provider, defining the modernity of the Caribbean. When you walk into the building you will know that you are in the Caribbean's premier financial institution.

The RBTT Team

RBTT's strength is its people. I have the privilege to lead a team of dedicated and committed professionals with a passion for delivery and a hunger for success. We have an exciting blend of energetic youth and a depth of experienced financial service practitioners throughout the organisation. As we shift gears, we recognise the need to harness these strengths in service of our customers, with the underlying principles being equity, fairness, achievement, camaraderie and teamwork. Our regional presence provides us with a unique opportunity

The Customer Experience model will help to ensure realisation of the multifarious benefits expected from Recast.

to garner the best ideas from a diverse range of cultures and experiences and to bring the wealth of this resource to the benefit of all who do business with us.

Looking Forward

We have built a solid foundation upon which to grow. In the last decade, our profits attributable to shareholders grew from $95 million to $923 million, and the cumulative 10-year shareholder return has increased 1846 per cent over the period – an outstanding achievement, by any measure. Going forward, we envisage further success. I am confident in the RBTT team – the management and staff who, every day, demonstrate unwavering support and commitment to delivering superior service to our many stakeholders. We are well poised to achieve our stated goal – to be the undisputed leading financial services provider in the Caribbean and Central America, delivering world-class customer experience, with a distinctly Caribbean flavour.

Sincerely,

Suresh B. Sookoo
Group Chief Executive Officer

Corporate Office

Group Chairman	Mr. Peter J. July
Group Chief Executive Officer	Mr. Suresh B. Sookoo
Group Chief Operating Officer	Mr. Nigel L. Romano
Head – Jamaica	Mr. Rodney S. Prasad
Head – Dutch Caribbean	Mr. Ildefons Simon
Head – Barbados, Suriname & EC Region	Mr. David Hackett
Managing Director – RBTT Merchant Bank Limited	Mr. Lyndon Guiseppi
Managing Director – RBTT Trust Limited	Mr. Stephen A.C. Bayne
Group Financial Comptroller	Mr. Leroy Calliste
Head – Group Planning & Analysis	Mrs. Patricia Narayansingh
Group Chief Internal Auditor	Mr. Gary Fuller
Group Corporate Secretary & General Counsel	Ms. Nicole Richards
Head – Group Technology	Mr. Krishendath Maharaj
Head – Group Human Resources	Mr. Amos Herai
Head – Group Marketing & Customer Experience	Mr. Calvin Bijou
Head – Group Corporate Communications	Mr. Paul Charles
Head – Group Risk	Mr. James Mendes
Head – Market Risk	Ms. Patricia Kong Ting
Head – Compliance & Operational Risk	Ms. Suzanne Daniel
Head – Operations & Process Improvement	Mr. Victor Yetming
Head – Strategy & Business Development	Mr. Ronald Carter

Management Discussion and Analysis

This Management Discussion and Analysis (MDA) is provided to enable the reader to assess our financial condition and results of operation for the financial year ended March 31, 2006. This MDA should be carefully read in conjunction with our consolidated financial statements and accompanying notes prepared in accordance with International Financial Reporting Standards (IFRS).

The fiscal year end of the parent company and some of its primary operating subsidiaries is March 31 whilst other subsidiaries have a fiscal year end of December 31. All dollar amounts in this MDA are in Trinidad and Tobago Dollars unless otherwise stated. Foreign currencies have been translated into TT$ at the average of the Group's bid and offer rates in Trinidad and Tobago for the respective foreign currencies prevailing on March 31 of each financial year.

As at March 31, 2006, the following are the relevant rates:

United States Dollar (USD)	$6.2410
Eastern Caribbean Dollar (ECD)	$2.2939
Netherlands Antilles Florin (Naf)	$3.4708
Aruba Florin (Awg)	$3.4708
Suriname Dollar (SRD)	$2.2000
Jamaica Dollar (JMD)	$0.0953
Barbados Dollar (BDS)	$3.1064

Introduction

The Group provides financial services which include corporate, international, commercial and retail banking, merchant and investment banking, trust and fiduciary services, asset and investment management and stock broking to a large clientele throughout the Caribbean. The Group's structure includes the parent company – RBTT Financial Holdings Limited, which is incorporated in Trinidad and Tobago – as well as thirty-four (34) subsidiaries and associate companies located in twelve (12) legal jurisdictions throughout the Caribbean and a Representative Office in Costa Rica.

Financial Review

Overview

Fiscal 2005/6 was characterised by internal reorganisation and consolidation of the Group. In particular, management commenced an enterprise wide transformation initiative code named Project Recast, a major component being the implementation of a new technology platform. A corporate reorganisation was also implemented to support the existing operations and future expansion of the Group.

Group earnings before tax grew marginally by 2.5%. However, this performance was affected by non-core and non-recurring transactions.

Group earnings before tax grew marginally by 2.5%. However, this performance was affected by non-core and non-recurring transactions. Core pretax earnings increased 11% year on year after adjusting for these non-core and non-recurring transactions in each year.

Key Transactions and Events

During the year we commenced our most significant project to transform the organisation into a fully integrated Group using one common technology platform supported by standardised systems and processes throughout the Group. The estimated cost is US$53 million, and it is expected to be completed over a three-year period ending first quarter 2008.

During 2005, RBTT Bank Limited successfully raised financing of US$140 million through a syndicated loan facility, the largest syndicated financing ever raised by a financial institution in the Caribbean.

In July 2005, the Group established a Central American Representative Office in Costa Rica to offer its services to clients in Costa Rica, El Salvador, Panama and Guatemala. To date the office has successfully executed US$80 million of financing for our clients.

For the first time in the history of the Group, the Merchant Bank underwrote a USD Bond Issue rated by Moody's which was successfully sold almost entirely in the US private placement market.

RBTT Securities Limited, a subsidiary licensed to conduct securities trading and funds management, which commenced operations in Jamaica at the end of the previous year, had its first full year of operations and made a healthy contribution to the Group's profits.

Mr. Nigel L. Romano
Group Chief Operating Officer

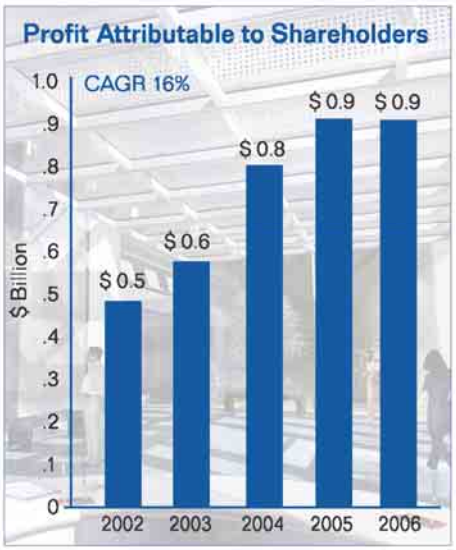
Adoption of New and Revised Accounting Standards

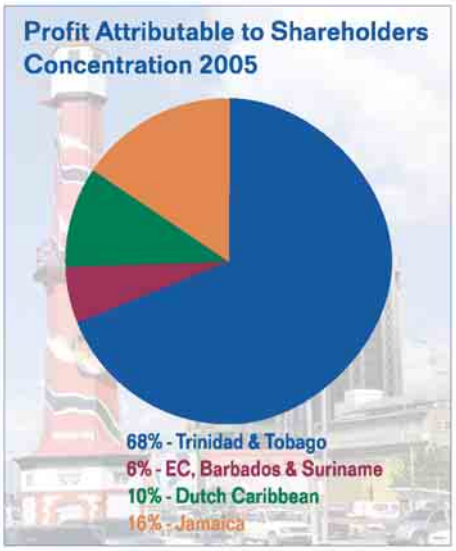
During the year, the Group adopted new and revised International accounting standards which resulted in some changes to its accounting policies. In particular the Group adopted IAS 39 (Revised) – Financial Instruments: Recognition and Measurement. The impact of adopting the revised version of the standard was the reclassification of investment securities within the prescribed categories which had an impact on their valuation. All reclassifications were applied retrospectively to the previous year ended March 31, 2005 resulting in a restatement of the financial statements for that year.

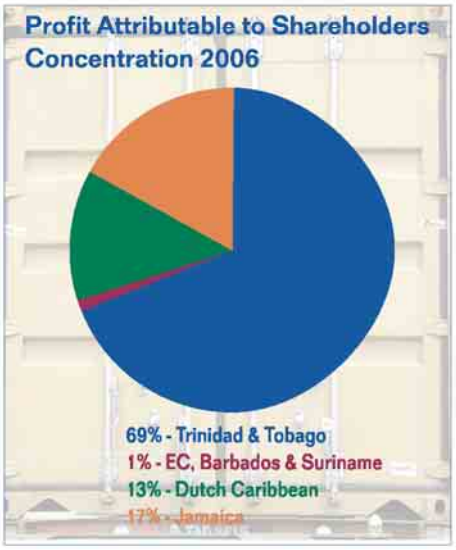
The Group also adopted IFRS 2 Share-based payment which governs the measurement and recognition of equity-settled compensation. The adoption of IFRS 2 has resulted in the recognition of a charge of $8.7 million to the Income Statement for the year ended March 31, 2006 for the provision of share options to employees. Approximately $5.4 million of this amount relates to share options granted in prior years.

Consolidated Results from Continuing Operations

- Total net income up $258 million or 9.3% from 2005 due to strong growth in balance sheet intermediation income.
- Operating expenses up by $86 million or 5.1% from 2005 were within expectations and resulted in an improved efficiency ratio of 58% compared to 60% last year.
- Provision for credit losses increased by $96 million or 155% to $157 million.
- Group assets climbed to $40.7 billion, an increase of $3.4 billion or 9%.







Profit & Loss Review

Profit Attributable to Shareholders

The Group earned profit attributable to shareholders of $923 million, versus the prior year's restated profits of $915 million, an increase of $8 million or 0.9%. The Group's profit performance was, however, impacted by several significant and non-core transactions in both years that should be excluded to show the Group's normalised or core profit performance year on year.

In the year ended March 31, 2006 the Group's profit performance was impacted by gains realised on the sale of Guardian Holdings Limited (GHL) shares of $36 million, the first time recognition of share-based compensation expense of $8.7 million, losses suffered on the disposal of structured notes of $31 million, and an impairment charge of $39 million on our Government of Grenada assets. In the previous year ended March 31, 2005 the Group's profit performance was also affected by three significant non-core transactions: a gain realised on sale of GHL shares of $229 million, an unrealised mark to market loss of $87 million before tax related to the downgrading of the sovereign credit rating of Grenada, and the recognition of post-retirement medical benefit expense of $96 million before tax.

Profits after tax increased year on year by 13.5% after adjusting for these non-core and non-recurring items.

Geographically, the largest contributor to the Group's after tax profits was Trinidad & Tobago. This trend in the Group's performance was consistent in both years.

Income

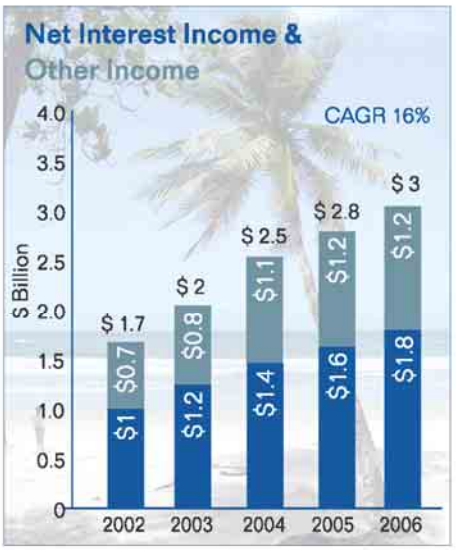
Total net income increased by $258 million or 9% year on year with the major contribution of $181 million from balance sheet based intermediation income and $77 million from non-interest income. The apparent anaemic growth in non-interest income (7%) was due to the effect of the gain on sale of GHL shares ($229 million in the prior year compared to $36 million in the current year – a decline of $193 million). When we adjust both years to exclude this unusual gain, year on year growth increases to a very robust $270 million or 29%.

Net interest income increased by $181 million or 11% year on year. The increase in net interest income over last year is attributable to the higher growth realised in absolute dollars during the year in interest income of $485 million relative to interest expense of $304 million. However, in relative terms, interest income increased at a slower rate of 18% compared to interest expense of 30%. Consequently, the net interest income ratio (net interest income to gross interest income) declined from 61.3% in 2004/5 to 57.6% in 2005/6.

Interest income growth of 18% year on year was generated largely from the loan book which grew by $2.4 billion or 14% driven by organic growth in Trinidad & Tobago, the Dutch Caribbean, Jamaica, Barbados and Suriname. Loan interest income increased by $338 million or 21% over last year and contributed 70% of the growth in total interest income. The

increase in loan interest income was largely driven by the healthy increase in asset volumes which contributed 94% or $317 million of the increase. The remaining $21 million was due to increases in yields.

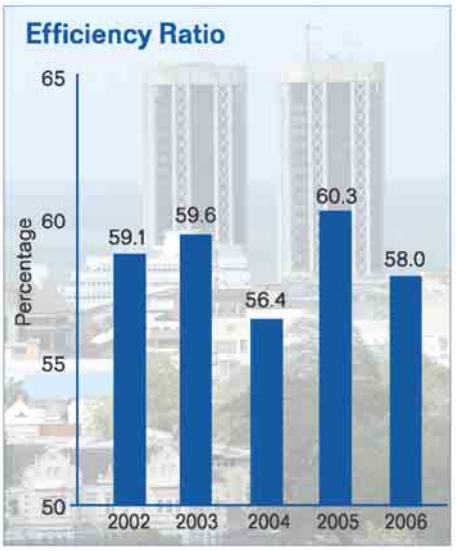
Interest expense increased by $304 million or 30% primarily because of the growth in customers' deposits of $3.4 billion and other interest bearing liabilities of $0.4 billion. Portfolio volume growth contributed $128 million of total interest expense growth whilst yield or price increase accounted for the difference of $176 million.



Operating Expenses

Operating expenses, which comprise non-interest expenses other than the cost of credit, increased by $86 million or 5% over the prior year. The increase in expenses was largely attributable to other operating expenses which increased by $82 million or 21% primarily as a result of increases in advertising and marketing, depreciation, deposit insurance and consultancy.

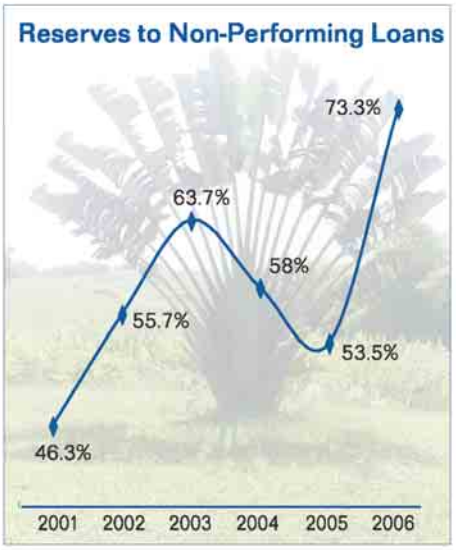
Staff costs, which account for 56% of total operating expenses, declined by $16 million or 1.5% over last year. The decline is explained by the first time recognition of employees' post-retirement benefit expenses of $96 million in the prior year compared to the first time recognition of other employee benefits, i.e., share-based compensation and post retirement life insurance benefit totalling $21 million in 2005/6. Adjusting for these items in both years, salaries and benefits expenses increased by 9% year on year.



Our efficiency ratio (an indicator of expenses incurred to earn a dollar of net revenue) declined from 60% in 2005 to 58% in 2006. This improvement reflects the higher growth in revenue of 9.3% compared to operating expenses of 5.1%.

Cost of Credit

Cost of credit increased by $96 million or 155% over last year largely due to impairment charges made in respect of Government of Grenada facilities ($38 million) and one other large account ($28 million). Despite this increase in impairment charges, the quality of our earning assets continued to improve as evidenced by the percentage of non-performing assets to total assets which declined from 4.2% to 2.7%.



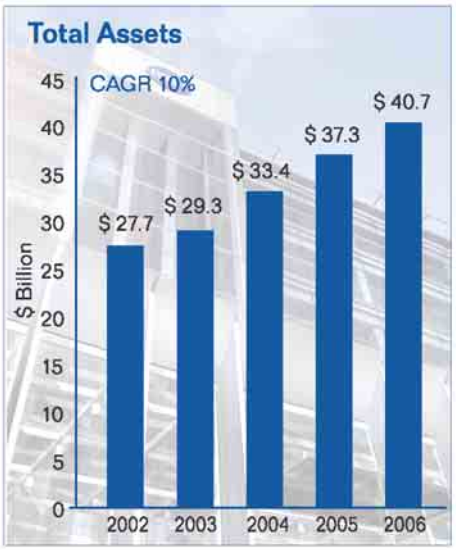
Balance Sheet Review

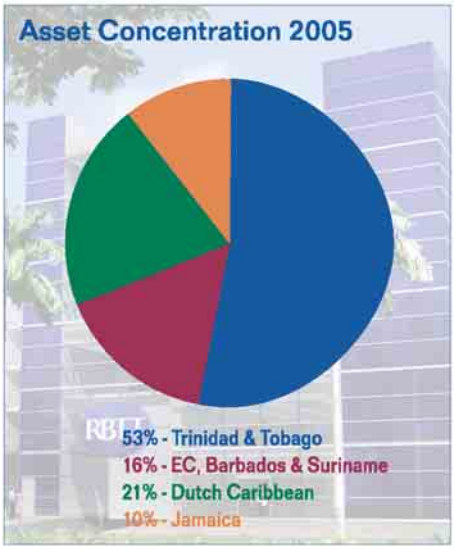
Cash Resources

Cash resources comprising Cash on Hand and Due from Banks and Balances with Central Banks grew by $575 million or 10.9% over the course of the year. This growth occurred in Trinidad & Tobago and the Dutch Caribbean, whilst the Eastern Caribbean and Jamaica showed marginal reductions in cash resources.

Loans & Advances

Loans and Advances showed healthy growth of $2.4 billion or 14.4% for the year. The latter was attained through organic growth, mainly in RBTT Bank Limited of $1.2 billion and the Dutch Caribbean of $725 million.





Total Assets

Total Assets increased by $3.4 billion or 9% during the year largely on account of the growth in Loans and Advances $2.4 billion, Investments $582 million and Cash on Hand and Due from Banks $575 million. Asset growth occurred in all geographic areas with the largest increases occurring in Trinidad & Tobago, the Dutch Caribbean, Jamaica and Barbados.

The Group's asset profile by geographic concentration remained largely similar to the previous year with Trinidad & Tobago accounting for approximately 52% of consolidated assets.

Customers' Deposits

Asset growth was funded largely by Customers' Deposits which grew by $3.4 billion with the majority coming from RBTT Bank Ltd ($2.0 billion) and the Dutch Caribbean ($1.0 billion).

Shareholders' Equity

Shareholders' equity decreased by $192 million to $4.1 billion during the year. The decrease is largely attributable to the decline in the investment revaluation reserve account caused by the mark to market revaluation of the Group's shareholding in Guardian Holdings Limited (GHL) as at the balance sheet date.

Regulatory Capital

The banking subsidiaries of the Group are all regulated and as such their capital composition is the subject of ongoing scrutiny by their respective regulators.

Total regulatory (or qualifying) capital differs from balance sheet capital and is divided into two tiers. Tier I capital comprises the more permanent forms of capital and the regulatory capital ratios are calculated by dividing Tier I and Tier II capital by risk adjusted assets. The risk adjusted assets are risk weighted based on guidelines from the regulators. The banking entities of the Group continued to comfortably exceed the benchmarks and were in compliance with the International Basle Standards for total regulatory (qualifying) capital. This reflects the Group's policy of remaining well capitalised, so as to provide a safety net for the variety of risks that it is exposed to in the conduct of its various businesses.

Entity	Required Ratio %	Actual Ratio %
RBTT Bank Ltd.	8%	12.01%
RBTT Merchant Bank Ltd.	8%	24.07%
RBTT Trust Ltd.	8%	101.03%
RBTT Bank Caribbean Ltd.	8%	11.00%
RBTT Bank (SKN) Ltd.	8%	33.30%
RBTT Bank Grenada Ltd.	8%	12.70%
RBTT Bank N.V.	8%	11.31%
RBTT Bank International N.V.	8%	15.76%
RBTT Bank Aruba N.V.	10%	14.21%
RBTT Bank (Suriname) N.V.	8%	11.60%
RBTT Bank Barbados Ltd.	8%	13.16%
RBTT Bank Jamaica Ltd.	8%	28.68%

Risk Management

Overview

The Group's main objective is to maximise shareholders' value within an acceptable level of risk. In line with this, the Group had previously implemented its risk management framework in response to the changing business challenges, the ongoing changes and developments in our IT infrastructure, and our objective of continuous improvement.

Our guiding principle is that ownership and accountability of risk lies with the Business Unit whose structure for managing risk is defined based on business needs to meet governance standards. Due to the diversity, size and span of operations of the Units within the Group, our approach is one in which Group policies and procedures are applied across the Group and supplemented by local policies and procedures. These policies and procedures are sanctioned by the Group Asset/Liability Committee (ALCO) or the individual company ALCO and approved by the parent company Board of Directors or one of its committees. All Companies are then managed within the risk limits set by the appropriate authority and monitored through appropriate reporting. Of significance is the fact that the Group ALCO has a mandate which includes the recommendation of policies covering investments, liquidity, and market risk to the Board, and the oversight of market and liquidity risk of the Group. The Group Credit and Investment Committee, comprised of non-executive and executive directors with credit and market risk experience, approves the significant loans and investments of the Group. The systems and processes are in place to ensure that the risk limits are adhered to and that profitability is commensurate with the level of risk assumed and the Group's targeted returns.

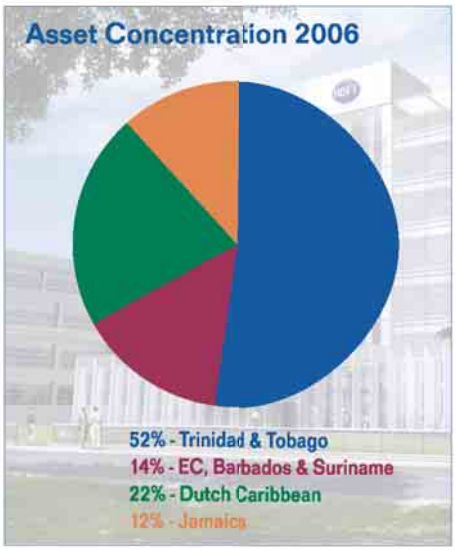
In addition, comprehensive reviews by the Group's Internal Audit Department continue to provide assurance as to the quality of the internal control environment and compliance with established risk management policies and procedures.

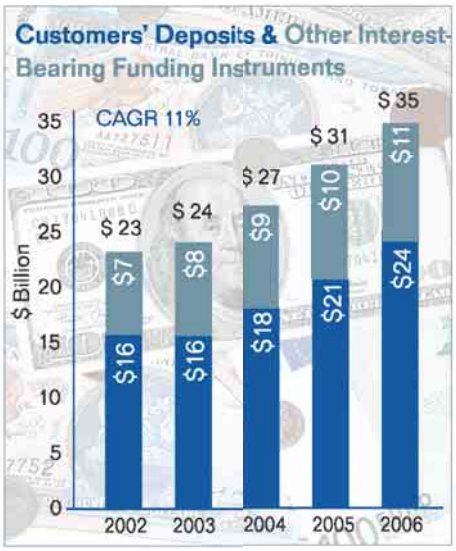
The Group's approach to key risks is as follows:

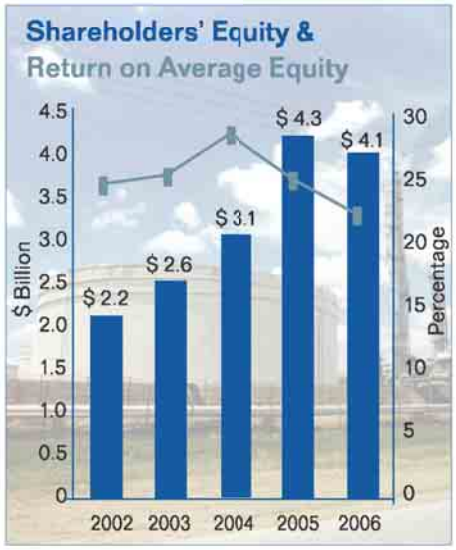
Credit Risk

Credit Risk is the inherent risk that counterparties experience business failure or avoid their contractual obligations. It also refers to loss in market value due to the deterioration of a counterparty's financial position.

Independent Risk Management Units provide credit administration services across the Group to the retail and commercial banking, corporate lending, merchant and investment banking and securities trading business segments. These units are responsible for ensuring that all risks are identified and managed in accordance with the Group's Risk Management Framework (RMF) which deals with the risks and opportunities affecting value creation and attempts to strike an optimal balance between growth and risk adjusted rates of return and the effective utilisation of resources to achieve these objectives. Embedded in this RMF are appropriate credit policies, procedures, practices and the attendant audit functions which are complemented by appropriate delegated limits and well-trained, competent and experienced staff.







Effective portfolio management and diversification guide the management of the credit exposures across clients, industries, products, geographies and sectors. Prudential guidelines for cross-border exposure, specialised products, derivatives, industry concentrations and other portfolio standards are in place. The use of Internal Borrower Risk Ratings, portfolio grids and independent loan reviews are an integral part of RBTT's credit risk management process.

Market Risk

Market risk is the risk of loss that results from changes in market variables such as interest rates, foreign exchange rates, commodity prices and volatilities. The significant market risk dimensions for the RBTT Group are interest rate risk and foreign exchange risk. Market risk for the Group is monitored by the Group Market Risk Unit. This Unit seeks to ensure that the market risk exposure of the Units of the Group are maintained within the limits prescribed in order to achieve a target rate of return on shareholders' funds.

The Group ALCO establishes prudent market risk management policies to maximise shareholders' return while minimising losses in the context of current projections for interest rates and foreign exchange rates.

Interest Rate Risk

Interest rate risk is the potential adverse impact on the earnings and economic value of the Group caused by movements in interest rates either in the various countries in which the Group operates or in the various currencies in which investments have been originated. Accepting interest rate risk is a normal part of banking and can be an important source of profitability and shareholder value, but it should be managed effectively since it can be a significant source of risk to shareholders' funds. Changes in interest rates can affect the Group's performance by affecting net interest income and the level of other interest sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Group's assets and liabilities because the present value of future cash flows (and in some cases actual cash flows) changes when interest rates change.

The Group actively manages interest rate risk to protect the value of shareholders' funds while achieving an attractive rate of return.

The Group currently faces a challenging interest rate environment both locally and internationally. A significant amount of the Group's assets and liabilities are denominated in either TT$ or US$ and the outlook for the coming year is for an increase in both local and US interest rates. As a result, the Group actively manages interest rate risk to protect the value of shareholders' funds while achieving an attractive rate of return. The interest rate risk management strategies are reviewed on a regular basis as interest rate expectations change.

The Group currently employs duration analysis and limits on repricing gaps as tools in interest rate risk management. Measurement of interest rate gaps is done on a periodic basis and these gaps are managed within set limits. The Group's investment portfolio is also managed to match a target duration measure. The target duration indicates the most prudent portfolio exposure tolerance of the Group taking current interest rate expectations into account.

Foreign Exchange Risk

Foreign exchange risk is the potential adverse impact on our earnings and economic value due to currency rate movements. Foreign exchange risk arises as a result of adverse movements in foreign exchange rates affecting the Group's trading positions, foreign currency earnings, exposures arising from the overall asset/liability structure of the balance sheet and investments in foreign subsidiaries.

The Group uses Value at Risk analysis and limits on Open Currency Positions in the management of FX exposures. Value at risk is defined as the potential loss which may occur during a specific period of time and with a given confidence level. The value at risk for the Group is calculated using a generally accepted value at risk model in accordance with international best practice. The value at risk methodology takes into account both the nominal exposures to foreign currencies and the probability of loss in each currency. The exposures are calculated and managed both by currency and by Unit. As value at risk methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the Group is currently developing stress testing and simulation models to assess and quantify risks associated with these types of market events which are extremely rare and uncommon.

The Group also utilises open currency position limits to manage the nominal currency exposures of the Units as well as the Group as a whole.

With regard to the net balance sheet (Open Currency) positions in currencies other than the TT Dollar (mainly United States Dollar, Jamaican Dollar and Netherlands Antilles Florin), the general guideline is the matching concept of funding assets in a foreign currency with liabilities of the same currency. Exceptions are allowed on a case by case basis and managed within pre-determined limits determined by Group risk tolerance.

The Group has foreign exchange exposures on the net investment in foreign subsidiaries. The Group currently evaluates potential hedging strategies to protect our local currency value on these investments on a case by case basis depending on the costs of the proposed strategies.

Liquidity Risk

Liquidity risk refers to the risk that the Group cannot adequately generate sufficient cash and cash equivalent funds to satisfy commitments as they fall due. The Group's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-balance sheet or off-balance sheet liabilities.

Public perception of liquidity risk for large financial institutions such as RBTT can have a direct impact on market confidence, and the Group ensures via its liquidity management framework that liquidity risk is managed to the benefit of the Group's stakeholders. As a result, liquidity management is one of the cornerstones of the Group's RMF, with unit oversight provided by the individual companies' ALCOs and Boards of Directors and with Group level oversight by the Group ALCO and Group Market Risk Unit.

Each business unit has conservative internal liquidity requirements defined by the Group's liquidity management framework which are at least equal to, but generally greater, than the statutory liquidity requirements.

The Group manages liquidity risk by preserving a large and diversified base of core client deposits, by maintaining ongoing access to wholesale funding, and by maintaining a liquid pool of marketable securities dedicated to mitigating liquidity risk as a contingency measure. Each business unit has conservative internal liquidity requirements, defined by the Group's liquidity management framework which are at least equal to, but generally greater than, the statutory liquidity requirements. The Group also seeks to maintain a well diversified deposit base (by maturity, counterparty and market segments) to promote good liquidity management at the Unit level.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal control processes, people or systems, or from external events. Operational risk is inherent in each of the Group's businesses and key support activities and its impact can be both financial and non-financial (e.g. damage to reputation, regulatory censure or loss of competitive position). This broad and pervasive definition clearly spells out its magnitude and while no company can ever eliminate this risk fully, a culture that places high priority on effective operational risk management and adherence to sound operating controls, while emphasising high standards of ethical behaviour and the expectation of integrity in all employees in conducting the business of the bank, are the strongest mitigants utilised by the Group.

An independent Compliance and Operational Risk Management Unit provides oversight of the Group's Risk Management Framework using the Risk and Control Self Assessment Approach to operational risk management. The full range of material operational risks facing the Group is captured, and the most significant causes of operational losses are analysed and controlled. This approach supports sound practices for the management of operational risk outlined by the Basle Committee on Banking Supervision which is structured around a number of principles that include clear strategies and oversight by our Board of Directors and Senior Management, a strong operational risk and internal control culture, effective internal reporting and contingency planning. Additionally, the continuous development of checks and balances to address these risks is inherent in RBTT's risk management culture.

Fiduciary Risk

Through our Trust, Asset Management and Merchant Banking activities, this risk is created as a result of our relationships as executors, trustees, fund managers, underwriters, and agents. This risk is primarily managed by adherence to emerging best practices, the existence of a robust governance policy framework and appropriate policies and procedures that evolve within, as well as various structural mechanisms including board appointed investment committees.

Performance Review

RBTT Merchant Bank Limited

Left to right: Mohan Mahase (Vice President - Financial Engineering), Richard B. Gittens (Vice President - Finance), Denise Hackett (Vice President- Legal and Compliance), Hanifa Mohammed (Manager - Human Resources), Filippo Alario (Deputy Managing Director), Lyndon Guiseppi (Managing Director), Darryl White (Vice President - Distribution), Richard Look Kin (Senior Manager - Risk), Christopher Mack (Vice President - Origination).

In a year in which its business model was overhauled in a number of significant respects ultimately with the view to delivering beyond the highest expectations of our Issuers, Investors, Regulators and Shareholders, the RBTT Merchant Bank recorded a profit before tax of $283 million. During fiscal 2005/2006 the Merchant Bank achieved a number of milestones which augurs well for further consolidating its position as the pre-eminent Investment Bank in the Caribbean and Central America.

For the first time in the history of the organisation, the Merchant Bank had Moody's rate one of its USD Bonds. The Bond was rated Baa3 and was sold almost entirely into the US Market. Additionally, to date, our Costa Rican office, (which was established less than a year ago) has executed US$80 million in financing and is currently engaged in negotiating mandates to provide another US$350 million.

Over the ensuing period it is our intention to transform the Merchant Bank from being a purely Caribbean-centric business in which transactions are originated in the Caribbean and securities are sold into the wider Caribbean, to one in which business is originated in the wider Caribbean including Central America, and securities are sold into the Caribbean, North America and Europe. Towards this end, the Merchant Bank has and will continue to forge selective strategic alliances which will consolidate the gains made in previous years and position the company for future growth and development.

RBTT Bank Limited

Standing left-right: Ligia Welch (Assistant General Manager, Human Resources), Kerri Maharaj (Treasurer), Richard Downie (General Manager, Business Improvement & Operations), Nestor Lambert (Senior General Manager, Human Resources, Trinidad & Tobago and Eastern Caribbean).

Sitting left-right: Suresh B. Sookoo (Group Chief Executive Officer), Jeremy Jones (Assistant General Manager, Security Operations), Jugdat Bodho (General Manager, Risk Management & Compliance), Reshard Mohammed (Financial Comptroller), Robert De Silva (General Manager, Personal & Commercial Banking), Calvin Bijou (Head, Group Marketing & Customer Experience), Hadyn Gittens (General Manager, Corporate Banking Group)

RBTT Bank Limited reported another year of strong financial performance with pre-tax profit increasing by $42 million to $260 million, an increase of 19% over the previous year. The major contributors to this year's results were healthy loan growth of $1.2 billion or 22% and investment growth of $0.8 billion or 47% over the prior year. The Bank also performed reasonably well in terms of its non-interest income which grew by $18 million or 5.8%, notwithstanding the realisation of $8.8 million in losses on the sale of investments. Overall asset quality has improved considerably with the ratio of non-performing loans to total loans declining from 4.8% in 2005 to 2.5% in 2006.

In its continued efforts to improve the customer service experience, the Bank successfully embarked on issuing residential mortgages through the RBTT branch network and also restructured its commercial lending operations to provide more focused attention to this segment. The Bank continues to seek ways of reducing customer waiting times within the banking halls and has embarked upon a number of initiatives which will translate into shorter queuing times for its customers in the upcoming months.

RBTT Trust Limited

Standing left to right: Alister Noel (Senior Asset Manager), Carver Trim (Manager, Product Development & Marketing), Colin Hamilton (Assistant General Manager, Risk Management & Operations), Sham Singh (Senior Manager, Financial Accounting & Planning), Natalie Mansoor (Senior Portfolio Manager), Stephen A.C. Bayne (Managing Director).

Seated left to right: Christine Ragoobar (Manager, Trusts & Legal), Kavita Surat Singh (General Manager)

The external operating environment in which the company operated for fiscal 2006 was uniquely difficult as the various stock markets exhibited many challenging characteristics that severely tested the capacity of the company to steer through a most volatile and generally quite depressed capital market.

While the external environment will continue to be challenging, attention will be re-focused on leveraging the benefits of the revamped technology, coupled with product and market development initiatives aimed at increasing market share and diversifying revenues and markets.

Despite these challenges, the business performed well as evidenced by the growth in the underlying drivers including Assets under Management/Trusteeship, which increased by 18% to $45 billion. This growth in the fundamentals translated into profits before tax exceeding the prior year by 24%.

Dutch Caribbean Region

RBTT Bank Aruba: Edna Farro (President) and Richard Rajack (Managing Director).

Wayne Kowlessar (Managing Director - St. Maarten), Daisy Tyrol-Carolus (Managing Director - Curaçao), Pierrôt Hurtado (Managing Director - Curaçao & Bonaire), Ildefons Simon (Head – Dutch Caribbean/President - RBTT Bank N.V.)

The Group's Dutch Caribbean Region consists of its banking operations in Aruba, Bonaire, Curaçao, St. Maarten and Saba. The banking entities in these jurisdictions reported excellent results during the fiscal year ending 2005.

Very strong growth was achieved in St. Maarten where RBTT is the largest bank and undisputed market leader. We also doubled the market share in loans and advances in Curaçao over the course of the past four years while at the same time improving the quality of the credit portfolio.

During 2005, the banking entities in the Dutch Caribbean were restructured in order to consolidate the results of all entities.

The asset base of the banking entities increased to $9,871 million, or 11% year on year, due mainly to Loans and Advances to customers which increased to $5,600 million, or 15%. Customers' deposits also increased considerably to $7,858 million or 12% over last year reflecting the confidence of our customers. Profit before tax was $205 million, 24% higher than the prior year. Shareholders' equity increased to $984 million, an increase over last year of 7%, resulting in a capital to total assets ratio of 10%.

RBTT Bank Jamaica Limited

From left to right: Loren Edwards (General Manager - Retail Banking), Cecelia Terrelonge (General Manager - Risk Management), Laraine Harrison (General Manager - Human Resources), Ian Kelly (General Manager - RBTT Securities), Judith Green (General Manager - Corporate Development), Howard Gordon (General Manager - Corporate Operations), Mary Powell (General Manager - Finance), Michael Wright (Chief Risk Officer), Rose-Ann Davis (Corporate Secretary & General Counsel), Paul Lyn (Assistant General Manager - Corporate Banking), Rodney S. Prasad (Managing Director)

RBTT Bank Jamaica Limited reported strong pre-tax earnings for the financial year ended March 31, 2006 of $130 million, 25% higher than the prior year's $104 million. Total assets at the end of the period were $5.3 billion, up by 13% from $4.7 billion in 2005. Of particular significance was the increase in loans and advances over the period by $310 million, or 20%, to $1.8 billion. Other areas of operations of the Bank also recorded satisfactory growth.

RBTT Securities Jamaica Limited, a wholly-owned subsidiary of the Bank licensed to conduct securities trading and funds management completed its first full year of operation on March 31, 2006 and posted very satisfactory results earning pre-tax profits of $16 million. The subsidiary is well poised to play an important part in the securities dealer sector of the domestic financial market and to deliver acceptable financial returns.

Satisfactory results have been achieved in challenging economic and monetary environments and in a sector which is intensely competitive. The Bank and its subsidiary will continue to seek opportunities for selective growth and expansion within a framework of good governance and prudent financial management.

Eastern Caribbean Region

Left-right: Desmond Austin (Country Manager - St. Vincent), Lenora Ventour-Corbie (Country Manager - Nevis), David Hackett (Head - Suriname, Barbados & EC Region), David Lum Kong (Country Manager - St. Lucia), Cyrilla Gemon (Country Manager - Grenada), Marlon Rawlins (Country Manager - Antigua).

The combined entities in the Eastern Caribbean (RBTT Bank Caribbean Limited, RBTT Bank Grenada Limited and RBTT Bank (SKN) Limited) produced a consolidated pre-tax loss of $32.5 million, a 178% decline from the previous year. This decline in profitability was due mainly to the significant impairment charge recognised during the year in relation to the restructuring of the Government of Grenada Bond and realised losses on sale of investments.

RBTT Bank (Suriname) N.V.

From left: Anne Harmsma (President), Peter Ng A Tham (Managing Director), Hanna Lieuw Hiw (Senior Manager - Risk Management), Herman Chitanie (Senior Manager - Consumer & Retail Banking), Gerold Leter (Senior Manager - Corporate & Commercial Banking), Paul Zuidveen (Senior Manager - Operations)

The company continued on its path of solid growth year over year. Pre-tax profit for the year ended December 31, 2005 amounted to $38 million (SRD 16.4 million), 18.6% higher than 2004. Despite an increasingly competitive market, the bank performed well in all segments of its business. It should be noted that fee income grew by 35% year on year.

RBTT Bank Barbados Limited

Left to right : Stephen Eversley (Senior Manager, Electronic Banking), Jasmine Babb (Senior Manager, Human Resources), Maureen Huque (Vice President, Business Banking), Heeralal Maraj (Senior Manager, Retail Banking), Colleen Cyrus (Financial Controller), John Beale (President/CEO), P. Suzette Mc Shine (Senior Manager, Corporate Banking), Frank Drakes (Manager, Marketing & Customer Service), Carol Branche (Senior Manager, Operations & Transformation), Mark Ince (Senior Manager, Information Technology), Kenneth Khan (Senior Vice President, Risk Management & Operations).

RBTT Bank Barbados Limited had an exceptional year earning profits after tax of $19.1 million (BD$6.15 million), 39% higher than the prior year. Total assets as at December 31, 2005 were $1,533.9 million (BD$493.8 million) compared to $1,317.4 million (BD$424.1 million) in December 2004. The overall growth in total assets of 16.4% was propelled mainly by the growth in loans of 21.6%. The Bank implemented a number of initiatives, including the "Do-It-All Loan" product which resulted in significant growth in the instalment loan portfolio. The Bank continues to support community events through sponsorships and this year sponsored the inaugural "Pan in de City" event.

West Indies Stockbrokers Limited (WISE)

From left: George Sheppard (Chief Executive Officer), Claire Fletcher (International Equity Trader), Debbie Armoogum (Head of Fixed Income), Adrian Manmohan (Head of Operations). Not in photo: Salma Ali (Local Equity Trader)

2005 was a challenging year for WISE as the Company had to contend with senior management changes, head office relocation and a declining Stock Market. Despite these challenges, the company was still able to generate a marginal increase in pre-tax profits from $22.1 million in 2004 to $22.6 million in 2005.

With the relocation the Company is now able to offer its clients a more business friendly environment. Also WISE has become a full service brokerage house not only concentrating on local equity trading but also foreign equity markets and fixed income trading. Business processes are also being updated to become more customer centric.

Boards of Directors - Major Subsidiaries

Trinidad & Tobago

RBTT BANK LIMITED
Peter J. July – Chairman
Gaston S. Aguilera
John P. Andrews
Robert Bermudez
Martin G. Daly, S.C.
Nigel L. Romano
Suresh B. Sookoo
Gary N. Voss

RBTT MERCHANT BANK LIMITED
Suresh B. Sookoo – Chairman
Lyndon Guiseppi – Managing Director
John P. Andrews
Cecil Camacho
John Gransaull
Nigel L. Romano
Brian W. Young

RBTT TRUST LIMITED
Suresh B. Sookoo – Chairman
Stephen A.C. Bayne – Managing Director
Gaston S. Aguilera
Robert Bermudez
Martin G. Daly, S.C.
Nigel L. Romano

RBTT SERVICES LIMITED
Nigel L. Romano – Chairman
Leroy Calliste
Glenn Cheong
Krishendath Maharaj

RBTT INSURANCE AGENCY LIMITED
Calvin Bijou – Chairman
Michael Callender
Douglas Camacho
Lyndon Guiseppi
Nestor A. Lambert

RBTT INSURANCE HOLDINGS LIMITED
Nigel L. Romano – Chairman
Lyndon Guiseppi

RBTT NOMINEE SERVICES LIMITED
Stephen A.C. Bayne – Chairman
Lyndon Guiseppi
Kavita Surat Singh

WEST INDIES STOCKBROKERS LIMITED
Ruthven Jaggassar – Chairman
George Sheppard – Chief Executive Officer
Gaston S. Aguilera
Stephen A.C. Bayne
Garth Chatoor
Patricia Kong Ting

RBTT ALBION LIMITED
Ruthven Jaggassar – Chairman
Gaston S. Aguilera
Stephen A.C. Bayne
Garth Chatoor
Patricia Kong Ting
George Sheppard

Barbados

RBTT BANK BARBADOS LIMITED
Nigel L. Romano – Chairman
John Beale – Country Head
Robert Bermudez
Peter Boos
Martin G. Daly, S.C.
David Hackett
Peter J. July
Maxine McClean
Bernard Weatherhead

RBTT TRUST CORPORATION
Stephen A.C. Bayne – Chairman
Gillian Jordan – Managing Director
Robert Bermudez
Peter Boos
Martin G. Daly, S.C.

Eastern Caribbean

RBTT BANK CARIBBEAN LIMITED
Nigel L. Romano – Chairman
David Hackett – Managing Director
Gaston S. Aguilera
Robert Bermudez
Errol E.C. Layne
Stephen Mc Namara
Gary N. Voss

RBTT BANK GRENADA LIMITED
Nigel L. Romano – Chairman
David Hackett – Managing Director
Lester Andall
Francis Darius
Ashton Frame
Morris Mathlin
Angus Minors
Gary N. Voss

RBTT BANK (SKN) LIMITED
David Hackett – Chairman
Calvin Bijou
Eustace Hunkins
Lenora Walwyn-Bowrin

Jamaica

RBTT BANK JAMAICA LIMITED
Suresh B. Sookoo – Chairman
Rodney S. Prasad – Head
John P. Andrews
Cecil Camacho
Peter J. July
C. Dennis Morrison Q.C.
Dr. George Phillip
Brian W. Young

The Netherlands Antilles and Aruba

RBTT BANK N.V.
Supervisory Board:
Suresh B. Sookoo – Chairman
Martin G. Daly, S.C.
H. Peter Ganteaume
Peter J. July
Miguel Pourier
Omar Van der Dijs
Gary N. Voss

Managing Board:
Ildefons Simon – President
Pierrôt Hurtado
Wayne Kowlessar
Daisy Tyrol-Carolus

RBTT BANK INTERNATIONAL N.V.
Supervisory Board:
Suresh B. Sookoo – Chairman
Martin G. Daly, S.C.
H. Peter Ganteaume
Peter J. July
Miguel Pourier
Omar Van der Dijs
Gary N. Voss

Managing Board:
Ildefons Simon – President
Pierrôt Hurtado
Wayne Kowlessar
Daisy Tyrol-Carolus

RBTT BANK ARUBA N.V.
Supervisory Board:
Suresh B. Sookoo – Chairman
Martin G. Daly, S.C.
H. Peter Ganteaume
Peter J. July
Ildefons Simon
Omar Van der Dijs
Gary N. Voss

Managing Board:
Edna Farro
Richard Rajack

Suriname

RBTT BANK (SURINAME) N.V.
Supervisory Board:
David Hackett – Chairman
Stephen A.C. Bayne
Anthony Caram
Marcel Chehin
Martin G. Daly, S.C.
Peter J. July
Sonny Ma Ajong

Managing Board:
Anne Harmsma
Peter Ng A Tham

Economic Review

The International Economy

While global growth declined in 2005 compared to 2004, there was a greater decline in the growth of the advanced economies compared to that of the emerging markets and developing countries.

The global economy grew by 5.3% in 2004 compared to 4.8% in 2005, which was 50 basis points higher than estimated according to IMF data. The group of countries leading this global expansion included China, India, Russia and the United States. China achieved GDP growth of 9.9% in 2005 compared to 10.1% in 2004, India achieved GDP growth of 8.3% in 2005 compared to 8.1% growth in 2004, while Russia achieved growth of 6.4% in 2005 compared to 7.2% in 2004. The United States' economy grew by 3.5% in 2005 down from 4.2% in 2004. Overall, while global growth declined in 2005 compared to 2004, there was a greater decline in the growth of the advanced economies compared to that of the emerging markets and developing countries. Furthermore, global growth had become more broad based in 2005. With buoyant commodity prices and continued robust growth in the volumes of global trade, the developing economies remain well positioned to retain positive growth into 2007.

The Domestic and Regional Economies

The Trinidad and Tobago Economy

The energy sector expanded by 10.9% during 2005 while the non-energy sector grew by 4.0%. Both sectors expanded at rates below their respective 5-year averages. While the growth trend of the non-energy sector may be on the decline, the growth trend of the energy sector is expected to accelerate due to the continued expansion of petrochemical output. Overall, the local economy expanded by 7.0% in 2005 and is expected to achieve an estimated growth rate of 10% in 2006.

Based on Central Statistical Office data, the level of unemployment at the end of 2005 was 6.7%, compared to 8.4% at the end of 2004, representing continued growth in employment opportunities particularly in the services sector.

Continued inflationary pressures during 2005 resulted in headline inflation increasing from 5.6% at the end of 2004 to 7.2% at the end of 2005, well outside of the targeted range of the Central Bank of 4-5%. As was the case in the latter half of 2004, the run-up in prices during 2005 was primarily attributable to the food sector. By March 2006, the rate of inflation had moderated to 6.6% on a year-on-year basis.

The trend of inflation combined with the upward movement in US interest rates prompted the Central Bank of Trinidad & Tobago to gradually remove its accommodating policy stance in favour of a more restrictive one. The repo rate commenced its upward trend at the beginning of March 2005 when it stood at 5.0% and ended the year at 6.0%. It is currently 7.0%.

The estimated fiscal surplus of the Central Government at the end of 2005 was $1.46 billion and based on the estimates of revenue and expenditure for the fiscal year 2005/2006 excluding allocations to reserves, an overall surplus of $1.86 billion is expected based on an oil price of US$45 per barrel.

Official international reserves at the end of December 2005 amounted to US$4.9 billion, representing an estimated and comfortable import cover of 7 months. The nominal exchange rate fluctuated within a broader band of approximately 1% of its historical level of 6.30 compared to 0.2% in the previous year, signifying an increase in the flexibility of the TTD:USD exchange rate.

In real terms, this will result in the continued modest appreciation of the Trinidad & Tobago Dollar. Given the country's high import propensity, nominal exchange rate stability will help maintain consumer price stability.

The local economy continues to exhibit strong fundamentals. The downside risks include a rapidly expanding money supply, growing inflationary expectations and imbalances within the foreign exchange market. Growth will continue to be fuelled by the petrochemical sector as the industrialisation of the Southern Peninsula gathers pace.

Regional Economies

Organisation of Eastern Caribbean States (OECS)

The economic growth of the OECS is driven by the services sector, particularly Government, tourism and financial services and real economic growth was estimated at 4% in 2005 compared to 3.2% in 2004. In 2005, tourism and construction activities were the main centres of growth as the region continued its investment in infrastructure in preparation for its participation as a host for the 2007 Cricket World Cup tournament.

All the countries of the OECS are burdened by high levels of public debt and fiscal imbalances which together curtail the policy options of the respective territories. Currently, Antigua & Barbuda, Dominica and Grenada are engaged in debt restructuring.

The rate of inflation for 2005 has been estimated at 3.5% in 2005, while the fixed exchange rate regime and the domestic money supply remain strongly backed by adequate US Dollar reserves.

The outlook for the ECCU is one of positive growth in the vicinity of 3% to 3.5% of GDP during 2006 led by the tourism sector and primarily the non-tradeable sectors such as retail and wholesale distribution, transport, communications and banking.

The outlook for the ECCU is one of positive growth in the vicinity of 3% to 3.5% of GDP during 2006.

Jamaica

GDP growth in Jamaica was approximately 2.0% in 2005 compared to less than 1% in 2004. For the first quarter of 2006, the economy achieved a growth rate of 1.4% indicating an enduring recovery from the devastation of Hurricane Ivan.

The alumina and bauxite industry continues to be a major growth driver in the wake of strong global demand, while the tourism sector plays a critical supportive role to GDP growth and employment creation.

However, employment is high at 14.5% and is expected to remain at elevated levels in the short term with growth in the tourism sector providing a strong impetus for employment creation.

The inflation rate for 2005 increased to 14.5% from 13.7% in 2004 driven in part by higher fuel prices and adverse movements in the exchange rate.

The Dutch Caribbean

Aruba

Tourism receipts increased by 4% during 2005 and while the throughput of the oil refinery only increased by 1%, the oil export revenues increased by 35% due to buoyant world commodity prices. Overall, GDP growth was estimated at 4.5% for 2005.

The consumer price index increased in the fourth quarter of 2005 to end the year at 3.4% on account of higher water and electricity tariffs.

The Netherlands Antilles maintained its positive, albeit declining growth trend. Economic growth was unevenly distributed across the group of islands.

Netherlands Antilles

The Netherlands Antilles maintained its positive, albeit declining growth trend. The economy is projected to have grown by 0.5% in 2005 compared to 1.1% in 2004 and 1.5% in 2003. Economic growth was unevenly distributed across the group of islands with St. Maarten achieving growth of 4.5%, Bonaire grew by 2.1% and Curaçao by 0.2%.

Suriname

The economy of Suriname is supported by buoyant market prices in the commodity exporting sectors such as bauxite and gold. Real GDP growth was 9% in 2004 and 5% in 2005. However, as a result of the doubling of domestic fuel prices in 2005, there was a significant run-up in prices by about 17% for the year compared to an inflation rate of 9% in 2004. It is expected that continued expansion in the mining sector will continue to favourably impact on the fiscal deficit which was 1% of GDP at the end of 2005 compared to 3% a year earlier.

Barbados

The economy of Barbados expanded by 4.1% in 2005 compared with the revised growth statistic of 4.8% in 2004. The Central Bank of Barbados reported that growth was fuelled by the construction sector and the wholesale and retail sectors.

There was strong credit growth in 2005 and this prompted the Central Bank of Barbados to increase interest rates four times during the year.

Inflation increased steadily and stood at 7.1% year on year to September 2005 while unemployment declined by 0.8% to 9.1%.

Social Report

Social Report

RBTT is committed to contributing meaningfully to communities wherever we have a presence. As such, everywhere we operate the RBTT name is synonymous with social investment activity designed to advance the communities we serve through four focus areas; education, sport, community outreach, and arts and culture.

Between April 1, 2005 and March 31, 2006, RBTT continued its support of ongoing projects across the region and forged new partnerships and links with community groups and education institutions as part of its social investment programme. Some of our ongoing, major commitments and new initiatives are featured in this report.

One of our flagship initiatives, the Young Leaders, expanded in 2005 with the participation of thousands of students from six countries. The theme of the 2005 programme was: "Shaping the Future", and students were encouraged to select projects with widespread and lasting impact on their schools and communities.

A component of the programme, The Young Leaders debate, which is designed to improve presentation and public speaking skills, attracted increased numbers in this recent instalment.

The winning moment at RBTT Young Leaders Regional Awards Ceremony 2005.

RBTT'S FIGHT AGAINST CANCER: Team members from RBTT Bank Jamaica Limited are in a jubilant mood during the "Relay for Life", an event put on by the Jamaica Cancer Society to increase awareness whilst celebrating survivorship. RBTT was the gold sponsor.

Education

In Barbados, we partnered with three organisations, the Barbados Institute of Management and Productivity (BIMAP), the Centre for Management Development (CMD) and Ernst & Young, to offer funding to business professionals for MBA study.

In Curaçao, RBTT Bank NV adopted two schools, the AGO Department of Joseph Civilis and Kolegio Santa Clara, to assist in their building restoration and education needs. Three other schools,

Participants of the RBTT Bank Junior Open Tennis Tournament 2005.

A passionate moment in windball cricket from last year's RBTT – sponsored Block Up Cricket Tournament.

Blenchischool, a special school for autistic children; Kolegio San Dominico; and the Laura Hart School also received support from the bank. St Dominic Primary School, Milton Peters College, and Sundial School were beneficiaries of our education support in St. Maarten.

In Suriname, RBTT continues to support the popular Children's Book Fair, which promotes healthy reading habits in young people. This year's event attracted some 30,000 visitors.

We supported research and educational programmes of the Grenada-based Windward Island Research & Education Foundation (WINDREF), which conducts applied scientific research for community and health care development.

Sport

RBTT believes that sport is an important lever in the development of the region's youth. As such we support several sporting and training initiatives across the region.

2005 marked our seventh anniversary as the title sponsor of the Inter-Colleges football tournament in Trinidad and Tobago.

In the Dutch Caribbean, we are proud of our ongoing sponsorship of the Curaçao Little League baseball tournament. In 2005 we sponsored the International Tennis Federation World Junior Ranking Tournament in St Maarten and the West Indies Carib Cup Tournament between the Leeward Islands and Guyana. Tennis was also the focus of our support in Aruba and Suriname through the Caribbean Youth Tennis Tournament and the National Youth Tennis Tournament.

Cricket was the focus in Antigua where we supported the Youth Technical Cricket Academy and its initiative to encourage personal development through sport.

We also sponsored the Young Warriors Football Club whose players traveled, in 2005, to the United Kingdom to train alongside British teams and who placed second in the finals of the Umbro International.

In Grenada, we partnered with the Grenada Amateur Swimming Association to support young swimmers at the Caribbean Championship Competition and to assist in their preparation for the Olympics. RBTT also supported the Grenada Women's Cricket Association and Grenada Tennis Association.

RBTT Bank N.V. Managing Director, Mr. Pierrôt Hurtado (extreme right), and Curaçao's Miss Universe (centre) pose with RBTT's Curaçao Little Leaguers.

Community activities

In addition to education and sport, RBTT supports many community activities. Recent work in Jamaica demonstrates the company's commitment to the development of strong, sustainable communities in the region.

RBTT Bank Jamaica helped purchase a machine to measure lung function for the Tropical Medicine Research Institute. This machine will assist the research work in the area of sickle cell disease.

The bank has joined other private-sector companies to support the opening of the new Edna Manley Health Centre and a Model Community Policing and Services Centre in the inner city community of Grants Pen.

Also in Jamaica, we donated more than J$1 million to restore the Jamaica Defence Force's Conference Room, which suffered severe damage as a result of Hurricane Ivan.

Michelle Greenland, Assistant Manager of RBTT Bank Spanish Town, Jamaica, breaks ground where a house is to be constructed for Basil White following Hurricane Ivan devastation. RBTT Bank has committed to helping Mr. White with the refurbishing of his house. Looking on are Antoinette Reid-Walcott, Regional Manager for RBTT Bank Jamaica, Basil White (4th left) and representatives from Food for the Poor.

Arts and Culture

In Aruba RBTT was the major sponsor of the annual National Anthem folk music festival, which commemorated the 30th anniversary celebrations of the national anthem in 2005. Also, RBTT sponsored the annual Aruba Carnival jingle.

RBTT Bank Jamaica granted a J$200,000 scholarship to a final-year student of Visual & Performing Arts at the Edna Manley College.

As part of the Group's rationalisation process we will be reviewing our social investment strategy to ensure the most efficient and effective use of our resources in service of our stated commitment to meaningful contribution to the communities in which we do business.

Board Committees

The Board of Directors of RBTT Financial Holdings Limited has established six Board Committees, each of which operates in accordance with its own Terms of Reference.

Audit Committee

This Committee is responsible for monitoring and reporting on the integrity of the Company's systems, procedures and processes to manage business and finance risks and compliance with legal and regulatory requirements and policies.

The Committee is directly responsible for the nomination, compensation and oversight of the public accounting firm engaged to prepare and issue an audit report on the financial statements of the Company.

The Committee plays a key role in monitoring the component parts of the audit process and ensures that there is independent communication and information flow between the Committee and both the internal and external auditors.

Chairman – Gaston S. Aguilera; Gary N. Voss; Brian W. Young.

Corporate Governance Committee

This Committee monitors best practice for governance world-wide, and reviews the Group's governance procedures to ensure that it continues to exemplify high standards of corporate governance. Its mandate includes, inter alia:

- Establishing and reviewing policies and procedures relative to transactions between the Company, its subsidiaries and affiliates, Executive Officers and Directors;
- Reviewing the performance of Directors;
- Establishing and monitoring a Code of Conduct for the Company, dealing with all matters of an ethical nature involving Executive and Non-Executive Directors.

Chairman – Martin G. Daly, S.C.; Robert Bermudez; Peter J. July; Gary N. Voss.

Credit and Investment Committee

The Board Credit and Investment Committee is responsible for the review and approval of all credits over limits delegated to management throughout the Group.

Chairman – Peter J. July; Robert Bermudez; Martin G. Daly, S.C.; Suresh B. Sookoo.

Alternates: John P. Andrews; Gary N. Voss.

Credit and Investment Policy Committee

The role of this Committee is to:

- Oversee the development and implementation of sound investment lending and other credit policies and procedures;
- Review and ensure that policies meet the requirements of Statutory Regulators and other Agencies;
- Review the characteristics and concentration of the Group's credit portfolio and ensure appropriate and timely responses to changing conditions;
- Approve and monitor country, industry and sectoral limits for credit.

Chairman – Peter J. July; Martin G. Daly, S.C.; Suresh B. Sookoo.

Human Resources and Compensation Committee

The Committee is responsible for all matters relating to Human Resources and Compensation policies of the Group. It reviews, approves and recommends to the Board of Directors Human Resources and Compensation policies, the compensation structure and programmes, and the annual Stock Option grants to Senior Management and Executives.

Chairman – Gary N. Voss; John P. Andrews; Robert Bermudez; Peter J. July.

Information Technology, Transformation and Integration Sub-Committee

This Committee is charged with the responsibility of directing, monitoring and ensuring the implementation of a group-wide information technology platform, for Management transformation, and for the integration of procedures and processes.

Chairman – John P. Andrews; Brian W. Young; Suresh B. Sookoo.

Report of the Directors

The Directors have pleasure in submitting their Report for the year ended March 31, 2006:

Consolidated Financial Results and Dividends		TT$'000
Profit Attributable to Shareholders		922,681
Transfer to Statutory Reserve		(41,833)
Transfers to Other Reserves		(72,806)
Dividends		
Final Dividend of 77 cents for year ended March 31, 2005 paid on 10 June 2005	264,186	
Interim Dividend of 55 cents per share paid on 28 November 2005	188,902	
Total Dividend paid in financial year		(453,088)
Retained Profits at beginning of year as restated		2,330,705
Retained Profits at end of year		2,685,659

Directors

Resignations

Mr. H. Peter Ganteaume resigned from the Board on May 19, 2005.
Mr. Jerome Sooklal resigned from the Board on March 23, 2006.

Re-Election

Mr. Garth Chatoor, having been appointed an additional Director since the last Annual Meeting, retires at this Annual Meeting and being eligible, offers himself for re-election for a term expiring at the close of the third Annual Meeting following this appointment.

Mr. Suresh Sookoo, Mr. Miguel Pourier and Mr. Brian Young, retire from the Board by rotation at the close of this Annual Meeting, and being eligible, they offer themselves for re-election for a term expiring at the close of the third Annual Meeting following this appointment.

Mr. Miguel Pourier and Mr. Brian Young shall each attain the age of seventy (70) years during the period of their respective re-elected terms. It is proposed that in accordance with Paragraph 4.6.1 (h) of By-Law No. 1 of the Company that they shall continue to hold office until the close of the Annual Meeting following their attaining the age of seventy (70) years.

Mr. John Andrews and Mr. Gaston Aguilera, having both been elected for a term expiring at the close of the next Annual Meeting shall, however, each attain the age of seventy (70) years during their respective terms of office. It is proposed that in accordance with Paragraph 4.6.1 (h) of By-Law No. 1 of the Company that they be permitted to hold office until the next ensuing Annual Meeting of the Company.

Auditors

The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment. The Directors have agreed to recommend the re-appointment of PricewaterhouseCoopers as Auditors

of the Company. In accordance with Section 163 (1) of the Companies Act, Chap. 81:01 the term of the appointment will extend from the close of the Eighth Annual Meeting until the next Annual Meeting of the Company.

Directors' and Substantial Interests

In accordance with paragraphs 8(f) and 8(g) of our Listing Agreement with the Trinidad and Tobago Stock Exchange, we record hereunder particulars of the interest of each director of the Company and substantial interests in the Capital of the Company as at the end of the Company's Financial year, March 31, 2006 and any changes in these interests at a date not more than one month prior to the date of the Notice convening the Annual Meeting.

Directors' Interest

Directors	Fully Paid Up Ordinary Shares March 31, 2006	
	Beneficial	Non-Beneficial
Peter J. July	685,244	Nil
Gaston S. Aguilera	104,484	Nil
John P. Andrews	37,700	Nil
Robert Bermudez	126,678	Nil
Garth Chatoor	49,000	Nil
Martin G. Daly, S.C.	6,098	Nil
Arthur Lok Jack	700,000	Nil
Miguel Pourier	Nil	Nil
Rodney S. Prasad	19,806	Nil
Suresh B. Sookoo	102,900	Nil
Gary N. Voss	7,920	Nil
Brian W. Young	Nil	Nil

There has been no change in these interests occurring between the end of the Company's year and one month prior to the date of the Notice convening the Annual Meeting.

Substantial Interests as at May 8, 2006

Shareholders	Fully Paid Up Ordinary Shares	% Of Issued Share Capital
National Insurance Board	68,530,147	19.96
Guardian Holdings Group	47,290,908	13.77

A substantial interest is a holding of 10% or more of the Issued Capital of the Company.

At no time during or at the end of the financial year has any Director had any material interests in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

June 8, 2006

BY ORDER OF THE BOARD

Nicole Richards
Corporate Secretary

Building on a Solid Foundation
St. Clair Place

RBTT's new head office, located at 7—9 St Clair Avenue, a prestigious location within easy access of ancillary facilities including restaurants, hotels, and the Queen's Park Savannah. The world-class office building will contain a gross floor area of approximately 100,000 square feet.

Auditors' Report

To the Shareholders of RBTT Financial Holdings Limited

We have audited the accompanying balance sheet of RBTT Financial Holdings Limited (the Company) and its subsidiaries (the Group) as at March 31, 2006, and the profit and loss account and statements of changes in equity and cash resources for the year then ended, as set out on pages 46 to 93. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
May 11, 2006

		Year ended March 31	
		2006	
		($'000)	($'000) (Restated)
Cash on hand and due from banks	4	**4,054,207**	3,653,625
Balances with central banks	5	**1,778,062**	1,603,377
Loans and advances to customers	6	**19,479,610**	17,024,261
Investment securities	7	**13,201,395**	12,619,721
Investment in associate companies and joint venture	8	**205,135**	183,899
Derivative financial instruments	9	**155,116**	213,367
Goodwill	10	**445,750**	439,355
Premises and equipment	11	**1,000,114**	946,938
Deferred tax assets	12	**42,891**	22,839
Due from associate companies		**--**	16,167
Other assets	13	**364,965**	617,530
Total Assets		**40,727,245**	37,341,079
Due to banks		**1,651,368**	2,353,003
Customers' deposits	14	**24,088,987**	20,648,133
Due to associate companies		**29,945**	--
Other funding instruments	15	**6,151,175**	5,805,471
Other borrowed funds	16	**2,000,351**	1,577,635
Debt securities in issue	17	**836,439**	547,221
Derivative financial instruments and other trading liabilities	9	**612,349**	696,358
Post-retirement benefit obligations	18	**136,416**	111,108
Provision for taxation		**213,611**	154,742
Deferred tax liabilities	12	**139,747**	359,215
Other liabilities		**756,531**	768,794
Total Liabilities		**36,616,919**	33,021,680
Net Assets		**4,110,326**	4,319,399

		Year ended March 31	
		2006	
		($'000)	($'000) (Restated)
y			
Share capital	19	**864,021**	845,623
Statutory reserves	20	**407,118**	364,953
Other reserves	21	**117,768**	725,326
Retained earnings		**2,685,659**	2,330,705
Total Shareholders' Equity		**4,074,566**	4,266,607
Minority Interest	22	**35,760**	52,792
Total Equity		**4,110,326**	4,319,399

The notes on pages 51 to 93 form an integral part of these consolidated financial statements.

On May 11, 2006, the Board of Directors of RBTT Financial Holdings Limited authorised these consolidated financial statements for issue.

Director **Director**

		Year ended March 31	
		2006	
		($'000)	($'000) (Restated)
Interest income	23	**3,123,814**	2,638,740
Interest expense	24	**(1,325,679)**	(1,021,682)
Net Interest Income		**1,798,135**	1,617,058
Other income	25	**1,237,623**	1,161,053
Net Income		**3,035,758**	2,778,111
Operating expenses	26	**(1,760,101)**	(1,674,581)
Losses on loans and advances to customers	6.3	**(107,252)**	(54,604)
Investment securities' impairment expense	7.2	**(50,048)**	(7,111)
Total Non-Interest Expenses		**(1,917,401)**	(1,736,296)
Operating Profit		**1,118,357**	1,041,815
Share of profits of associate companies and joint venture before tax		**18,275**	67,609
Profit Before Taxation		**1,136,632**	1,109,424
Taxation	27	**(221,054)**	(185,363)
Profit After Taxation		**915,578**	924,061
Attributable to:			
Shareholders of the company		**922,681**	914,945
Minority interest		**(7,103)**	9,116
		915,578	924,061
Earnings Per Share – Basic	28	**$ 2.69**	$ 2.67
Earnings Per Share – Diluted	28	**$ 2.68**	$ 2.66

The notes on pages 51 to 93 form an integral part of these consolidated financial statements.

		($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Year ended March 31, 2005								
Balance at beginning of year		825,006	327,526	140,322	1,814,473	3 107,327	46,936	3,154,263
- Effect of adopting IFRS 3, IAS 36 (revised), IAS 38 (revised)		--	--	--	14,911	14,911	--	14,911
- Effect of adopting IAS 39 (revised)		--	--	101,565	(41)	101,524	--	101,524
- As adjusted		825,006	327,526	241,887	1,829,343	3 223,762	46,936	3,270,698
Currency translation differences	21	--	4	20,927	2,080	23,011	--	23,011
Profit after taxation		--	--	--	914,945	914,945	9,116	924,061
Investment securities								
- Gains from changes in fair value	21	--	--	530,720	--	530,720	--	530,720
- Gains transferred to net profit	21	--	--	(10,661)	--	(10,661)	--	(10,661)
Disposal of investment in associate company	21	--	--	(100,819)	4,443	(96,376)	--	(96,376)
Transfer to statutory reserves	20	--	37,423	--	(37,423)	--	--	--
Transfer to general banking risks reserve	21	--	--	35,591	(35,591)	--	--	--
Proceeds from shares issued	19	20,617	--	--	--	20,617	--	20,617
Other reserve movements	21	--	--	7,681	2,263	9,944	285	10,229
Dividends	29	--	--	--	(349,355)	(349,355)	(3,545)	(352,900)
Balance at end of year		845,623	364,953	725,326	2,330,705	4,266,607	52,792	4,319,399
Year ended March 31, 2006								
Balance at beginning of year as restated		845,623	364,953	725,326	2,330,705	4,266,607	52,792	4,319,399
Currency translation differences	21	--	332	(52,536)	2	(52,202)	17	(52,185)
Effect of change in tax rate		--	--	9,532	--	9,532	--	9,532
Profit after taxation		--	--	--	922,681	922,681	(7,103)	915,578
Investment securities								
- Loss from changes in fair value	21	--	--	(575,871)	--	(575,871)	(387)	(576,258)
- Gains transferred to net profit	21	--	--	(53,530)	--	(53,530)	--	(53,530)
Transfer to statutory reserves	20	--	41,833	--	(41,833)	--	--	--
Transfer to general banking risks reserve	21	--	--	33,924	(33,924)	--	--	--
Employee share options								
- Value of services provided	19	8,737	--	--	--	8,737	--	8,737
- Proceeds from shares issued	19	9,661	--	--	--	9,661	--	9,661
Other reserve movements	21	--	--	30,923	(38,884)	(7,961)	(5,752)	(13,713)
Dividends	29	--	--	--	(453,088)	(453,088)	(3,807)	(456,895)
Balance at end of year		864,021	407,118	117,768	2,685,659	4 074,566	35,760	4,110,326

The notes on pages 51 to 93 form an integral part of these consolidated financial statements.

	Year Ended March 31	
	2006	
	($'000)	($'000) (Restated)
Profit before taxation	1,136,632	1,109,424
Adjustments for:		
Losses on loans and advances to customers	107,252	54,604
Post retirement benefit expense (net of premiums paid)	25,308	111,108
Capitalised interest on investment securities	(52,015)	(70,905)
Net investment trading income	(209,329)	(22,192)
Investment securities' impairment expense	50,048	7,111
Depreciation	113,356	109,421
Loss on disposal of premises and equipment	2,049	21,096
Gain on disposal of investment in associate company	--	(228,804)
Dividends received from associate companies and joint venture	5,147	24,830
Share of profits of associate companies and joint venture	(18,275)	(67,609)
Gains transferred from investment revaluation reserve	(53,530)	(10,661)
Employee share options	8,737	--
Translation adjustment	42,747	5,105
Operating Profit Before Changes In Operating Assets And Liabilities	1,158,127	1,042,528
(Increase)/decrease in operating assets		
Balances with central banks	(174,685)	95,526
Loans and advances to customers	(2,654,231)	(3,111,381)
Interest receivable on loans and advances	(32,248)	28,251
Other assets	178,703	(266,305)
Increase/(decrease) in operating liabilities		
Amounts due to banks	(698,319)	766,299
Customers' deposits	3,589,229	1,504,165
Interest payable on customers' deposits	14,014	(32,476)
Other funding instruments	400,009	(711,509)
Interest payable on other funding instruments	7,395	(9,317)
Due to/from associate companies	46,112	(31,083)
Other liabilities	(212,787)	813,917
Corporation taxes paid	(177,858)	(79,508)
Cash Provided By Operating Activities	1,443,461	9,107
Investing Activities		
Investment in subsidiary, associate companies and joint venture, net of cash acquired	(25,443)	238,531
Net increase in investment securities	(1,085,768)	(888,292)
Additions to premises and equipment	(215,120)	(179,445)
Proceeds from sale of premises and equipment	40,674	4,095
Cash Used In Investing Activities	(1,285,657)	(825,111)
Financing Activities		
Proceeds from issue of shares	9,661	20,617
Net increase in other borrowed funds	441,830	653,198
Net increase in debt securities in issue	289,218	296,885
Dividends paid to company's shareholders	(453,088)	(349,355)
Dividends paid to minority interests	(3,807)	(3,545)
Cash Provided By Financing Activities	283,814	617,800
Effect of exchange rate changes on cash resources	(41,036)	(3,946)
Net Increase/(Decrease) In Cash On Hand And Due From Banks	400,582	(202,150)
Balance At Beginning Of Year	3,653,625	3,563,604
Cash acquired on acquisition of subsidiary	--	292,171
Balance At End Of Year	4,054,207	3,653,625

The notes on pages 51 to 93 form an integral part of these consolidated financial statements.

Notes To The Consolidated Financial Statements

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 July 26, 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, stock-broking services and property development.

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 at fair value through profit and loss, 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.

On April 1, 2005, the Group adopted revised and new accounting standards which have resulted in some changes to the Group's accounting policies. These are:

- IFRS 2 - Share-based Payment which governs the measurement and recognition of equity-settled compensation. The adoption of IFRS 2 has resulted in a change in the accounting policy for share-based payments. Until March 31, 2005, the provision of share options to employees did not result in a charge to the profit and loss account. Subsequent to that date, the Group charges the cost of share options to the profit and loss account. Based on materiality the charge was not applied retrospectively, such that the full amount of the first time cost was charged to the current year profit and loss account. See note 19 for effect.

- IAS 39 (Revised) - Financial Instruments: Recognition and Measurement which no longer recognises originated debt securities as a category of financial assets. Consequent upon this change, the Group reclassified those investments previously classified as originated securities to either available-for-sale or held-to-maturity categories of financial assets. Additionally, other financial assets previously classified as available for sale were reclassified to the financial assets at fair value through profit and loss category. In accordance with the transition rules of IAS 39 (Revised), all reclassifications were applied retrospectively to the previous year ended March 31, 2005.

ued)

- IAS 1 (Revised) - Presentation of Financial Statements has affected the presentation of minority interest in the balance sheet (separate line after total shareholders' equity) and in the statement of changes in equity (separate column for minority interest).

b

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. Adjustments to previously reported results were made in accordance with the transition rules of IAS 39 (Revised) – Financial Instruments: Recognition and Measurement as follows:

Profit and loss account

Year ended March 31, 2005	**($'000)**	**$**	**$**
As previously reported	921,875	2.69	2.68
Reclassification of investments from available-for-sale to investments at fair value through profit and loss	(6,930)	(.02)	(.02)
As restated	914,945	2.67	2.66

Statement of changes in equity

As at March 31, 2005	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**
As previously reported	845,623	999,387	2,337,676	52,792	4,235,478
Effect of adopting IAS 39 (Revised)					
- At beginning of year	--	101,565	(41)	--	101,524
- During the year	--	(10,673)	(6,930)	--	(17,603)
As restated	845,623	1,090,279	2,330,705	52,792	4,319,399

2 Significant Accounting Policies (continued)

c) 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 39.

d) Associate Companies and Joint Venture

Investments in associate and joint venture companies 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 and joint venture companies is carried on the balance sheet at an amount that reflects its share of the net assets of the associates. The Group's investment in associate companies include goodwill (net of any accumulated impairment losses) identified on acquisition. 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.

e) 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 March 31. 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.

2 Significant Accounting Policies (continued)

f) Investment Securities

Investment securities are classified into the following categories: financial assets at fair value through profit and loss, held-to-maturity and available-for-sale. Management determines the appropriate classification of its investment at the time of purchase.

Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit and loss from inception. Financial assets are classified in this category if they are either acquired for the purpose of selling in the short term or if so designated by management. Securities held as financial assets at fair value through profit and loss 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 and those designated at fair value through profit and loss are reported in net investment trading income. Interest earned whilst holding trading securities and those designated at fair value through profit and loss 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 reported as investment securities 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 investment security 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. For an investment security instrument measured at amortised cost the recoverable amount is the present value of expected future cash flows discounted at the instrument's original effective interest rate.

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

2 Significant Accounting Policies (continued)

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. These are financial assets with fixed or determinable payments that are not quoted in an active market.

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.

Management first assesses whether objective evidence of impairment exists individually for loans that are individually significant. Individually insignificant loans are included in a group of loans with similar credit risk characteristics and collectively assessed for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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.

2 Significant Accounting Policies (continued)

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 contingent liability. The Group has equal and offsetting 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 are recognised on completion of the underlying transaction.

2 Significant Accounting Policies (continued)

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. Goodwill arising on investments in associate companies is included in investments in associate companies.

Goodwill 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	50%

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) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances on hand, deposits with other banks and short term investments with maturities of less than three months.

p) 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.

q) 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.

r) 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.

2 Significant Accounting Policies (continued)

s) 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 method.

t) Share Capital

Shares issued for cash are accounted for at the issue price less any transaction costs of the issue. Shares issued as consideration for the acquisition of a business are recorded at the market price on the date of the issue.

u) 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.

v) Employee Benefits

i) Pension obligations

The Group operates a number of defined contribution and defined benefit pension 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

The Group operates an equity settled, share based compensation plan. Effective April 1, 2005, the fair value of employee services received in exchange for the grant of share options is recognised as an expense in the profit and loss account with a corresponding increase to share capital. The amount expensed is determined by reference to the fair value of share options granted and the vesting conditions. At the balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The impact, if any, of a revision is recognised in the profit and loss account with a corresponding adjustment to the share capital account over the remaining vesting period.

When options are exercised, the proceeds received net of any transaction costs are credited to the share capital account.

2 Significant Accounting Policies (continued)

v) Employee Benefits (continued)

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 other post-retirement 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. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the related employees. A full valuation of these obligations is carried out by independent qualified actuaries every three years.

w) 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.

x) Administered Funds

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group. Assets under administration/trusteeship as at March 31, 2006 totalled $51.2 billion (2005 - $44.1 billion).

y) 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.

z) 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.

3 Critical Accounting Estimates, and Judgements in applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Impairment losses on financial assets

The Group reviews its loan and investment portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit and loss account, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans and investment securities. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b. Fair value of financial instruments including derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

c. Held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

d. Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

	2006	
	($'000)	($'000)
Cash on hand	**510,484**	507,164
Due from banks	**3,543,723**	3,146,461
	4,054,207	3,653,625

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.

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.

	2006	
	($'000)	($'000)
Performing loans and advances	**19,757,936**	16,976,210
Non-performing loans and advances	**538,802**	733,359
	20,296,738	17,709,569
Unearned interest	**(592,580)**	(432,285)
	19,704,158	17,277,284
Interest receivable	**170,515**	138,267
Allowance for loan losses	**(395,063)**	(391,290)
	19,479,610	17,024,261
Loans and advances pledged for the benefit of investors in other funding instruments	**1,931,902**	1,687,119

	2006	
	($'000)	($'000)
6.1 Sectoral analysis		
Consumer	**5,065,290**	4,304,343
Manufacturing	**1,159,551**	1,000,024
Distribution	**2,247,612**	1,776,886
Financial services	**476,662**	688,643
Transport	**492,965**	478,823
Construction	**1,047,425**	963,634
Petroleum	**141,560**	89,274
Agriculture	**108,664**	90,263
Residential mortgages	**2,746,736**	2,230,010
Commercial mortgages	**2,045,126**	2,049,641
Hospitality	**892,410**	829,518
Professional services	**1,155,478**	1,092,104
Utilities	**457,990**	373,098
Real estate	**503,269**	225,945
Health services	**15,306**	7,236
Other	**1,740,694**	1,510,127
	20,296,738	17,709,569
6.2 Allowance for loan losses		
Balance at beginning of year	**391,290**	392,075
Amounts previously provided for now beirg written off	**(102,183)**	(96,271)
Increase in allowance for the year	**107,063**	74,548
Transferred upon acquisition of loan portfolio of subsidiary	**--**	21,096
Currency translation differences	**(1,107)**	(158)
Balance at end of year	**395,063**	391,290
6.3 Losses on loans and advances to customers		
Increase in allowance for the year	**107,063**	74,548
Amounts not previously provided for being directly written off	**7,620**	4,154
Recoveries	**(7,431)**	(24,098)
	107,252	54,604

	2006 ($'000)	($'000)
Securities at fair value through profit and loss (including trading)	**779,985**	554,275
Securities available-for-sale at fair value	**11,092,619**	11,465,907
Securities held-to-maturity at amortised cost	**1,175,523**	441,764
	13,048,127	12,461,946
Interest receivable	**193,910**	185,595
Provision for impairment	**(40,642)**	(27,820)
	13,201,395	12,619,721
Investment securities pledged for the benefit of investors in other funding instruments	**3,796,559**	5,014,524

Securities at fair value through profit or loss (including trading)

Trading		
Government and state-owned enterprises debt securities	**364,940**	168,823
Corporate debt securities	**235,493**	275,482
Total trading	**600,433**	444,305
Securities at fair value through profit or loss	**179,552**	109,970
	779,985	554,275

Securities available-for-sale at fair value

Treasury bills and treasury notes	**1,193,503**	857,688
Government and state owned enterprises debt securities	**6,592,581**	5,186,341
Corporate debt securities	**1,223,814**	2,449,131
Other debt securities	**415,758**	620,912
Money market instruments	**802,030**	692,655
Equity securities	**864,933**	1,659,180
	11,092,619	11,465,907

Securities held-to-maturity at amortised cost

Government and state-owned enterprises debt securities	**461,933**	436,255
Corporate debt securities	**712,029**	3,948
Other debt securities	**1,561**	1,561
	1,175,523	441,764

	2006 ($'000)	($'000)
7.1 Provision for impairment		
Balance at beginning of year	**27,820**	62,912
Foreign exchange adjustment	**141**	--
Amounts previously provided for now being written off	**--**	(36,436)
Charge for the year	**12,681**	1,344
Balance at end of year	**40,642**	27,820
7.2 Impairment expense		
Amounts not previously provided for being directly written off	**37,367**	5,767
Charge for the year	**12,681**	1,344
	50,048	7,111
Associate companies	**48,089**	41 395
Joint venture	**157,046**	142 504
	205,135	183 899
8.1 Movement in equity interest in associate companies		
Balance at beginning of year	**41,395**	536 370
Additional investment	**4,200**	--
Share of current year's profits, net of tax	**7,159**	36 179
Share of current year's reserves	**(2,990)**	113 698
Disposals	**(297)**	(146 930)
Reclassified to investment securities	**--**	(476 181)
Dividends	**(1,378)**	(21 741)
Balance at end of year	**48,089**	41 395

8.2 Associate companies at March 31, 2006

	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%

nued)

	2006 ($'000)	($'000)
8.3 Movement in interest in joint venture		
Balance at beginning of year	**142,504**	135,399
Additional investment/(repayments) during the year	**7,681**	(1,360)
Translation adjustment	**62**	--
Share of current year's profits, net of tax	**10,568**	11,554
Dividends	**(3,769)**	(3,089)
Balance at end of year	**157,046**	142,504

8.4 Interest in joint venture at March 31, 2006

Joint venture at March 31, 2006

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

The company's 33 1/3% interest in RGM Limited comprises:

	2006 ($'000)	($'000)
Assets		
Investment properties	**140,067**	133,033
Other non-current assets	**15,384**	7,646
Other current assets	**10,731**	10,209
	166,182	150,888
Liabilities	**(9,136)**	(8,384)
Net assets	**157,046**	142,504
Income	**21,305**	22,164
Expenses	**(17,122)**	(16,190)
Operating profit	**4,183**	5,974
Appreciation in value of investment properties	**6,450**	5,644
	10,633	11,618
Taxation	**(65)**	(64)
Profit after taxation	**10,568**	11,554

The Group's share of capital commitments in the joint venture was $22.9 million as at March 31, 2006 (2005 – $31.3 million).

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.

	($'000)	($'000)	($'000)
Year ended March 31, 2006			
Derivatives held-for-trading			
Interest rate swaps	717,400	50,200	31,918
Currency swaps	1,372,738	104,916	(4,225)
Derivative financial instruments		155,116	27,693
Other trading liabilities			
Treasury bills sold not yet repurchased			584,656
Derivative financial instruments and other trading liabilities			612,349
Year ended March 31, 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

Credit risk

Credit risk from derivative transactions is generated by the potential for the counterparty 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.

	2006	
	($'000)	($'000)
Balance at beginning of year	439,355	444,540
Acquisitions (Note 39)	8,104	46,832
Disposals	(1,849)	(52,017)
Translation adjustment	140	--
Balance at end of year	445,750	439,355

10.1 Negative goodwill

Balance at beginning of year	--	(14,911)
Transfer to opening retained earnings on adoption of IFRS 3	--	14,911
Balance at end of year	--	--

10.2 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 March 31, 2006 and as such no impairment charge was required.

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	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Year ended March 31, 2006						
Opening net book value	408,199	16,812	70,743	368,951	82,233	946,938
Translation adjustment	(3,381)	--	(44)	(2,443)	3	(5,865)
Adjusted opening net book value	404,818	16,812	70,699	366,508	82,236	941,073
Additions	20,198	--	8,401	58,362	128,159	215,120
Disposals	(16,064)	(2,260)	(11,430)	(7,394)	(5,575)	(42,723)
Transfers	1,687	--	1,584	52,360	(55,631)	--
Depreciation charge	(11,608)	(358)	(6,639)	(94,751)	--	(113,356)
Closing net book value	399,031	14,194	62,615	375,085	149,189	1,000,114
At March 31, 2006						
Cost	492,855	15,978	111,453	1,000,627	149,189	1,771,102
Accumulated depreciation	(93,824)	(1,784)	(48,838)	(626,542)	--	(770,988)
Net book value	399,031	14,194	62,615	375,085	149,189	1,000,114
Year ended March 31, 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 March 31, 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

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

	2006	
	($'000)	**($'000)**
Cost	**71,187**	63,630
Accumulated depreciation	**(28,471)**	(21,845)
Net book value	**42,716**	41,785
Depreciation charge for the year	**11,845**	11,186

	2006	
	($'000)	($'000)
The following amounts are shown in the consolidated balance sheet:		
Deferred tax assets	**42,891**	22,839
Deferred tax liabilities	**(139,747)**	(359,215)
	(96,856)	(336,376)
The movement on the deferred tax account is as follows:		
At beginning of year	**(336,376)**	(93,494)
Amount acquired on acquisition of subsidiary	**--**	(2,394)
Effect of difference in exchange rate	**2,035**	(137)
Profit and loss account (charge)/credit (Note 27)	**(22,224)**	22,049
Investment revaluation reserve		
· Effect of change in tax rate	**9,532**	--
· Fair value losses/(gains)	**232,484**	(266,581)
· Gains transferred to the profit and loss account	**17,693**	4,181
At end of year	**(96,856)**	(336,376)
Deferred tax assets and liabilities are attributable to the following items:		
Deferred tax assets		
Investment securities available-for-sale	**10,207**	5,086
Post retirement benefits	**11,100**	12,080
Accelerated tax depreciation	**9,654**	1,148
Tax losses	**5,103**	4,525
Interest payable	**6,414**	--
Other	**413**	--
	42,891	22,839
Deferred tax liabilities		
Accelerated goodwill amortisation	**15,729**	15,150
Accelerated tax depreciation	**34,553**	34,979
Post retirement benefits	**413**	(304)
Investment securities available-for-sale	**36,224**	292,313
Investment securities at fair value through profit and loss	**(3,640)**	(18,225)
Unrealised gains on derivative financial instruments	**33,952**	32,409
Regulatory loan loss reserve	**12,349**	10,571
Provision for impairment losses on loans	**(7,127)**	(7,678)
Interest receivable	**15,677**	--
Other	**1,617**	--
	139,747	359,215

	2006 ($'000)	($'000)
Corporation tax recoverable	**48,475**	7,396
Other taxes recoverable	**33,009**	24,474
Other	**283,481**	585,660
	364,965	617,530

Deposit balances	**23,938,090**	20,510,428
Accrued interest	**150,897**	137,705
	24,088,987	20,648,133

Sectoral analysis

Consumers	**12,592,242**	11,574,742
Private sector	**8,132,021**	7,049,111
State sector	**2,047,155**	1,273,730
Other	**1,166,672**	612,845
	23,938,090	20,510,428

Other funding instruments	**6,075,596**	5,737,287
Accrued interest	**75,579**	68,184
	6,151,175	5,805,471

Sectoral analysis

Consumers	**2,036,098**	1,133,846
Private sector	**2,507,028**	3,218,042
State sector	**1,449,686**	1,308,155
Other	**82,784**	77,244
	6,075,596	5,737,287

Other funding instruments consist of asset-backed fund raising instruments which include securities sold subject to repurchase agreements (repos). At March 31, 2006, the majority of these instruments are denominated in US dollars amounting to US$495 million (2005 - US$574 million) with interest rates from 3.75% to 7.00% (2005 – 2.75% to 6.75%).

d Funds

	2006	
	($'000)	($'000)
Short-term credit lines	**121,058**	184,724
Long-term loan agreements	**985,708**	667,155
Private placements	**873,740**	714,173
	1,980,506	1,566,052
Accrued interest	**19,845**	11,583
	2,000,351	1,577,635

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 March 31, 2006 is denominated in US dollars, amounting to US$308 million (2005 - US$252 million). Interest rates on borrowings in US dollars as at March 31, 2006 ranged from 2.65% to 7.00% (2005 – 2.65% to 5.85%).

	2006	
	($'000)	($'000)
Debt securities in issue	829,575	541,061
Accrued interest	6,864	6,160
	836,439	547,221

Debt securities in issue as at March 31, 2006 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	7.75%	Floating

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

Apart from the pension plans, the Group operates other post-retirement benefit plans. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension plans.

The main assumptions of the actuaries were a discount rate of 7.75% and a rate of inflation in claims and premiums of 6.50%.

The amounts recognised on the balance sheet are as follows:

	2006
	($'000)
Post-retirement benefit obligation	117,914
Unrecognised actuarial gain	18,502
Liability in the balance sheet	136,416

The movements in the liability recognised in the balance sheet are as follows:

At April 1, 2005	111,108
Net benefit cost	27,026
Benefits paid by group companies (net of retirees' premiums)	(1,718)
At March 31, 2006	136,416

The amounts recognised in the profit and loss account are as follows:

Current service cost	19,120
Interest cost	7,906
Net benefit cost	27,026

In 2005 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 post retirement benefit obligation of $111.1 million as at March 31, 2005. The liability was fully recognised in the profit and loss account for the year ended March 31, 2005.

	Number of Ordinary Shares ('000)	Share Capital ($'000)
Year ended March 31, 2005		
At April 1, 2004	**341,462**	825,006
Share option plan:		
· Proceeds from shares issued	**1,391**	20,617
At March 31, 2005	**342,853**	845,623
Year ended March 31, 2006		
At April 1, 2005	**342,853**	845,623
Share option plan:		
· Value of services provided	**-**	8,737
· Proceeds from shares issued	**612**	9,661
At March 31, 2006	**343,465**	864,021

The total authorised number of ordinary shares at year end was unlimited with no par value. All issued shares are fully paid.

Share Options

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. Effective April 17, 2005, non-executive directors waived their rights to participate in additional grants of share options under the share option plan.

The status of shares allocated to the plan as at the year end is as follows:

	2006	
Total number of shares allocated to the plan	**17,012,164**	17,012,164
Issued pursuant to exercise of options	**(3,245,011)**	(2,633,317)
Outstanding options	**(3,408,118)**	(3,099,856)
Remaining shares allocated to the plan in respect of which options have not been granted	**10,359,035**	11,278,991

The options granted are exercisable at the market value of the shares on the respective dates of grant and vest equally over a four year period. The options are normally 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.

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	2006	
The movement in the number of share options outstanding for the year is as follows:		
At beginning of year	**3,099,856**	3,670,309
Granted	**1,002,321**	886,849
Exercised	**(611,694)**	(1,390,467)
Lapsed	**(82,365)**	(66,835)
At end of year	**3,408,118**	3,099,856

Share options were granted on April 1, 2005 at a price of $43.26 (April 1, 2004: $45.30) and expire on March 31, 2015 (prior year – March 31, 2014). Options exercised during the financial year resulted in 611,694 shares being issued (2005 – 1,390,467 shares issued) at a weighted average price of $15.79 (2005: $14.83).

The value of services received for the year was $3.3 million (prior year cumulative $5.4 million). On adoption of IFRS 2 the total amount of $8.7 million was charged to the profit and loss account of the current year.

Share options outstanding at March 31, 2006 have the following expiry dates and exercise prices:

	$	2006	2005
March 31, 2009	8.70	--	23,700
March 31, 2010	13.60	**45,033**	82,428
March 31, 2011	12.00	**209,411**	354,430
March 31, 2012	14.61	**493,009**	733,459
March 31, 2013	21.60	**830,777**	1,045,165
March 31, 2014	45.30	**827,567**	860,674
March 31, 2015	43.26	**1,002,321**	--
		3,408,118	3,099,856

Using the binomial valuation model, the fair value of share options granted in 2005 was $13.32 (2004: $16.47). The significant inputs to the model are the share price on the grant date, vesting period, risk free rate of return as at the grant date, the volatility in share price over the last five years and the average attrition rate over the prior two years.

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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, Curaçao, Barbados, Jamaica and the Eastern Caribbean impose similar obligations on financial institutions operating within their territories.

	2006	
	($'000)	($'000)
Capital reserve	**113,125**	82,114
Translation reserve	**(244,871)**	(194,380)
Investment revaluation reserve	**42,556**	664,709
General banking risks reserve	**206,958**	172,883
	117,768	725,326

Capital reserve

Balance at beginning of year	**82,114**	75,280
Currency translation differences arising during the year	**88**	--
Disposal of associate company	**--**	(847)
Other reserve movements	**30,923**	7,681
Balance at end of year	**113,125**	82,114

Translation reserve

Balance at beginning of year	**(194,380)**	(230,554)
Currency translation differences arising during the year	**(50,491)**	20,924
Disposal of associate company	**--**	15,250
Balance at end of year	**(244,871)**	(194,380)

	2006 ($'000)	($'000)
Investment revaluation reserve – securities available-for-sale		
Balance at beginning of year	**664,709**	158,307
Effect of adopting IAS 39 (Revised)	**--**	101,565
As restated	**664,709**	259,872
Effect of change in tax rate	**9,532**	--
Fair value (losses)/gains arising during the year, net of tax	**(575,871)**	530,720
Realised gains transferred to income, net of tax	**(53,530)**	(10,661)
Disposal of associate company	**--**	(115,222)
Currency translation differences arising during the year	**(2,284)**	--
Balance at end of year	**42,556**	664,709
General banking risks reserve		
Balance at beginning of year	**172,883**	137,289
Currency translation differences arising during the year	**151**	3
Transferred from retained earnings	**33,924**	35,591
Balance at end of year	**206,958**	172,883

This represents 38% shareholding in RBTT Bank Grenada Limited and 5.8% in RBTT Bank (SKN) Limited.

Loans and advances to customers	**1,935,041**	1,597,171
Investment securities	**1,101,254**	1,003,520
Due from banks	**87,519**	38,049
	3,123,814	2,638,740

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Customers' deposits	**615,455**	543,543
Due to banks	**124,215**	60,693
Other interest bearing liabilities	**586,009**	417,446
	1,325,679	1,021,682

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Fees and commissions	**807,277**	710,714
Net investment trading income (Note 25.1)	**209,329**	22,192
Foreign exchange earnings	**219,837**	192,691
Gain on sale of shares in associate company	**--**	228,804
Sundry income	**1,180**	6,652
	1,237,623	1,161,053

	2006 ($'000)	($'000)
25.1 Net investment trading income		
Realised and unrealised gains/(losses) on securities at fair value through profit and loss, derivative financial instruments and other trading liabilities	**130,698**	(33,588)
Realised gains on available-for-sale securities	**78,631**	55,780
	209,329	22,192
Staff costs	**988,791**	1,004,428
Premises and equipment expenses, excluding depreciation and operating lease rentals	**134,838**	119,911
Advertising	**51,741**	41,981
Depreciation	**113,356**	109,421
Deposit insurance premium (see below)	**17,772**	12,131
Operating lease rentals	**53,482**	53,060
Directors' remuneration	**9,145**	5,082
Auditors' remuneration	**5,613**	5,159
Other operating expenses	**385,363**	323,408
	1,760,101	1,674,581
Staff costs include:		
Wages and salaries including bonuses	**889,270**	837,528
Employees' pension benefit expense	**63,695**	55,792
Employees' post-retirement benefit expense	**27,026**	111,108
Share option plan-value of services provided (Note 19)	**8,737**	--
	988,791	1,004,428

The average number of employees in 2006 was 5,204 (2005: 5,001).

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.

	2006	
	($'000)	($'000)
Current tax charge	**212,403**	189,506
Green fund levy	**3,503**	2,526
Prior years	**(17,624)**	(4,496)
Net deferred tax charge/(credit) (Note 12)	**22,224**	(22,049)
Share of tax charge of associate companies and joint venture	**548**	19,876
	221,054	185,363

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	**1,136,632**	1,109,424
Prima facie tax calculated at a rate of 25% (2005: 30%)	**284,158**	332,827
Effect of different tax rates in other countries	**5,887**	(4,402)
Effect of different tax rates on certain sources of income	**39,397**	--
Effect of change in tax rate	**(3,275)**	--
Income exempt from tax	**(138,100)**	(243,787)
Expenses not deductible for tax	**14,286**	23,347
Utilisation of tax losses not previously recognised	**(2,396)**	(14,747)
Effect of current year unrecognised tax losses	**21,728**	94,388
Prior years	**(17,624)**	(4,496)
Green fund levy	**3,503**	2,526
Business levy	**458**	528
Other	**13,032**	(821)
	221,054	185,363

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

Accelerated goodwill amortisation	**649**	4,223
Accelerated tax depreciation	**(2,656)**	5,736
Effect of change in tax rate	**(3,275)**	--
Unrealised gains on derivative financial instruments	**6,945**	(9,490)
Provision for impairment losses on loans	**(170)**	745
Investment securities at fair value through profit and loss	**11,548**	(16,283)
Post retirement benefits	**1,777**	(13,036)
Tax losses	**8,832**	9,329
Regulatory loan loss reserve	**--**	(2,897)
Other temporary differences	**(1,426)**	(376)
	22,224	(22,049)

	2006 ('000)	('000)
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.		
Profit attributable to shareholders of the company	**$ 922,681**	$ 914,945
Weighted average number of ordinary shares in issue	**343,263**	342,491
Basic earnings per share	**$ 2.69**	$ 2.67

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 19).

	2006 ('000)	('000)
Weighted average number of ordinary shares for diluted earnings per share	**343,997**	343,849
Diluted earnings per share	**$ 2.68**	$ 2.66

On May 11, 2006, the Board of Directors declared a final dividend of 65¢ per share bringing the total dividends in respect of the current year to $1.20 per share (2005 - $1.18 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 March 31, 2007.

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

	2006 ($'000)	($'000)
Final dividend for 2005 — 77 ¢ per share (2004 — 61¢ per share)	**264,186**	208,863
Interim dividend — 55 ¢ per share (2005 — 41¢ per share)	**188,902**	140,492
	453,088	349,355

a) **Legal proceedings**

As at March 31, 2006, 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.

	2006 ($'000)	($'000)

b) Customers' liability under acceptances, guarantees, indemnities and letters of credit

These represent the Group's potential liability, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not reflected in the balance sheet.

Bankers' acceptances and participatory investment certificates	**372,660**	508,528
Guarantees, indemnities and letters of credit	**1,208,906**	923,003
	1,581,566	1,431,531

Sectoral analysis of credit commitments are as follows:

Residential mortgages	**149,082**	176,371
Commercial mortgages	**187,332**	397,651
Distribution	**177,477**	197,938
Construction	**271,298**	132,453
Consumer	**50,496**	43,744
Manufacturing	**103,989**	53,725
Finance and insurance	**7,900**	765
Transport	**35,871**	19,523
Hospitality	**48,613**	30,070
Professional services	**170,222**	113,621
Utilities	**65,166**	--
Petroleum	**--**	266,169
Real estate	**60,415**	18,776
Health services	**1,176**	--
Other	**174,479**	181,167
	1,503,516	1,631,973

The Group's commitments, principally in respect of building construction and renovation and information technology projects are $328.7 million as at March 31, 2006 (2005 - $41.7 million).

Operating lease commitments are as follows:

Premises		
Within one year	**67,400**	35,179
One to five years	**169,950**	122,647
	237,350	157,826

ransactions

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.

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:

As at March 31, 2006	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Assets							
Cash on hand & due from banks	434,872	2,591,871	121,724	177,526	63,948	664,266	4,054,207
Balances with central banks	774,254	74,547	143,855	479,965	141,352	164,089	1,778,062
Loans & advances to customers	6,456,695	5,402,282	1,213,395	4,024,718	1,011,072	1,371,448	19,479,610
Investment securities	3,709,946	6,261,400	177,330	233,171	2,126,353	693,195	13,201,395
Goodwill	109,190	--	19,813	309,095	--	7,652	445,750
Premises and equipment	558,147	1,417	59,453	203,540	100,231	77,326	1,000,114
Other assets	351,259	251,571	28,809	16,757	77,709	42,002	768,107
Total Assets	12,394,363	14,583,088	1,764,379	5,444,772	3,520,665	3,019,978	40,727,245
Liabilities							
Due to banks	89,889	1,230,164	68,051	114,284	26,210	122,770	1,651,368
Customers' deposits	6,821,240	6,256,537	2,204,379	4,670,151	1,579,519	2,557,161	24,088,987
Other funding instruments	2,005,544	3,073,089	--	--	1,062,590	9,952	6,151,175
Other borrowed funds	93,988	1,665,744	--	--	240,619	--	2,000,351
Debt securities in issue	431,712	404,727	--	--	--	--	836,439
Other liabilities	754,917	689,631	23,156	238,120	136,011	46,764	1,888,599
Total Liabilities	10,197,290	13,319,892	2,295,586	5,022,555	3,044,949	2,736,647	36,616,919
Net Balance Sheet Position	2,197,073	1,263,196	(531,207)	422,217	475,716	283,331	4,110,326
Credit Commitments	598,913	377,027	91,708	326,831	--	109,037	1,503,516

ed)

As at March 31, 2005	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Total Assets	10,950,222	13,486,656	2,091,297	5,054,496	3,174,338	2,584,070	37,341,079
Total Liabilities	8,631,116	12,699,671	2,346,854	4,481,552	2,457,537	2,404,950	33,021,680
Net Balance Sheet Position	2,319,106	786,985	(255,557)	572,944	716,801	179,120	4,319,399
Credit Commitments	376,866	898,916	105,010	44,134	29,351	177,696	1,631,973

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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.

As at March 31, 2006	($'000)	($'000)	($'000)	($'000)	($'000)
Assets					
Cash on hand and due from banks	2,729,325	--	--	1,324,882	4,054,207
Balances with central banks	177,434	--	--	1,600,628	1,778,062
Loans and advances to customers	12,764,378	3,238,761	3,305,956	170,515	19,479,610
Investment securities	6,342,068	2,482,645	3,523,457	853,225	13,201,395
Other assets	191,087	29,001	100,835	1,893,048	2,213,971
Total Assets	22,204,292	5,750,407	6,930,248	5,842,298	40,727,245
Liabilities					
Due to banks	1,357,204	84,100	--	210,064	1,651,368
Customers' deposits	19,534,714	1,358,155	97,142	3,098,976	24,088,987
Other funding instruments	5,602,969	457,109	15,518	75,579	6,151,175
Other borrowed funds	531,919	982,290	466,297	19,845	2,000,351
Debt securities in issue	--	286,296	543,279	6,864	836,439
Other liabilities	682,318	--	--	1,206,281	1,888,599
Total Liabilities	27,709,124	3,167,950	1,122,236	4,617,609	36,616,919
Interest Sensitivity Gap	(5,504,832)	2,582,457	5,808,012		

As at March 31, 2005	($'000)	($'000)	($'000)	($'000)	($'000)
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	3,480,366	138,267	17,024,261
Investment securities	5,210,692	1,851,739	4,082,521	1,474,769	12,619,721
Other assets	219,462	--	--	2,220,633	2,440,095
Total Assets	18,285,992	4,660,825	7,562,887	6,831,375	37,341,079
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	721,172	--	--	1,369,045	2,090,217
Total Liabilities	24,675,727	2,042,330	2,026,770	4,276,853	33,021,680
Interest Sensitivity Gap	(6,389,735)	2,618,495	5,536,117		

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.

ty 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.

As at March 31, 2006	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Assets				
Cash on hand and due from banks	4,053,589	--	618	4,054,207
Balances with central banks	1,540,498	--	237,564	1,778,062
Loans and advances to customers	6,419,755	5,930,029	7,129,826	19,479,610
Investment securities	6,804,432	2,491,607	3,905,356	13,201,395
Other assets	653,956	40,070	1,519,945	2,213,971
	19,472,230	8,461,706	12,793,309	40,727,245
Liabilities				
Due to banks	1,376,254	275,114	--	1,651,368
Customers' deposits	22,702,900	1,288,945	97,142	24,088,987
Other funding instruments	5,666,548	469,109	15,518	6,151,175
Other borrowed funds	510,439	1,020,737	469,175	2,000,351
Debt securities in issue	6,864	286,296	543,279	836,439
Other liabilities	1,523,330	6,834	358,435	1,888,599
	31,786,335	3,347,035	1,483,549	6,616,919
Net Liquidity Gap	(12,314,105)	5,114,671	11,309,760	4,110,326
As at March 31, 2005				
Total assets	19,584,769	5,878,892	11,877,418	37,341,079
Total liabilities	28,708,448	2,240,054	2,073,178	33,021,680
Net Liquidity Gap	(9,123,679)	3,638,838	9,804,240	4,319,399

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 & Tobago
- Barbados, Eastern Caribbean (Antigua, St. Lucia, St. Vincent, St. Kitts and Nevis, Grenada) and Suriname
- Dutch Caribbean territories (Aruba and the Netherlands Antilles)
- Jamaica

As at and for the year ended March 31, 2006	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Total income	2,624,620	551,452	859,801	773,471	(447,907)	4,361,437
Operating profit	752,538	7,526	170,831	187,462	--	1,118,357
Share of profits of associate companies and joint venture before tax	18,275	--	--	--	--	18,275
Profit before taxation	770,813	7,526	170,831	187,462	--	1,136,632
Taxation	(133,579)	(5,189)	(52,261)	(30,025)	--	(221,054)
Profit after taxation	637,234	2,337	118,570	157,437	--	915,578
Minority interest	(1,569)	8,672	--	--	--	7,103
Profit attributable to shareholders	635,665	11,009	118,570	157,437	--	922,681
Loans and advances	9,295,880	3,622,848	5,615,094	2,046,568	(1,100,780)	19,479,610
Investment securities	7,943,684	1,304,906	2,241,738	2,555,561	(844,494)	13,201,395
Total assets	23,809,785	6,592,890	9,792,084	5,285,349	(4,752,863)	40,727,245
Customers' deposits	9,666,967	4,799,975	8,020,508	2,220,576	(619,039)	24,088,987
Total liabilities	20,047,437	6,184,916	9,242,722	4,775,798	(3,633,954)	36,616,919
Other segment items:						
Capital expenditure on premises and equipment	136,522	16,310	43,893	18,395	--	215,120
Depreciation expense	61,256	13,859	26,500	11,741	--	113,356
Goodwill acquired	8,104	--	--	--	--	8,104
Impairment charge						
- Loans and advances to customers	62,948	30,634	12,747	923	--	107,252
- Investment securities	9,691	40,357	--	--	--	50,048

By Geographic Segment (continued)

As at and for the year ended March 31, 2005	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Total income	2,418,847	458,202	735,099	633,913	(446,268)	3,799,793
Operating profit	673,499	82,177	126,494	159,645	--	1,041,815
Share of profits of associate companies and joint venture before tax	67,609	--	--	--	--	67,609
Profit before taxation	741,108	82,177	126,494	159,645	--	1,109,424
Taxation	(109,384)	(22,532)	(36,146)	(17,301)	--	(185,363)
Profit after taxation	631,724	59,645	90,348	142,344		924,061
Minority interest	(1,405)	(7,711)	--	--	--	(9,116)
Profit attributable to shareholders	630,319	51,934	90,348	142,344	--	914,945
Loans and advances	8,197,144	2,688,159	4,890,262	1,825,222	(576,526)	17,024,261
Investment securities	9,063,783	1,858,108	2,097,158	1,895,440	(2,294,768)	12,619,721
Total assets	23,098,936	6,868,712	8,964,607	4,538,557	(6,129,733)	37,341,079
Customers' deposits	7,799,111	4,600,466	7,007,404	2,148,527	(907,375)	20,648,133
Total liabilities	19,100,567	6,552,820	8,522,374	4,162,483	(5,316,564)	33,021,680
Other segment items:						
Capital expenditure on premises and equipment	108,647	15,510	31,901	23,387	--	179,445
Depreciation expense	61,752	13,365	23,244	11,060	--	109,421
Goodwill acquired	--	46,832	--	--	--	46,832
Impairment charge						
- Loans and advances to customers	7,534	8,741	36,020	2,309	--	54,604
- Investment securities	2,700	4,411	--	--	--	7,111

1 (continued)

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.

As at and for the year ended March 31, 2005	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Total income	3,671,361	649,290	416,408	72,285	(447,907)	4,361,437
Profit before taxation	629,202	283,308	256,758	(32,636)	--	1,136,632
Total assets	35,048,144	5,969,450	2,290,105	2,172,409	(4,752,863)	40,727,245
Total liabilities	32,345,823	4,709,531	1,988,621	1,206,898	(3,633,954)	36,616,919
Capital expenditure on premises and equipment	190,599	17,702	6,817	2	--	215,120
As at and for the year ended March 31, 2005						
Total income	3,076,632	573,165	351,558	244,706	(446,268)	3,799,793
Profit before taxation	361,463	308,293	204,768	234,900	--	1,109,424
Total assets	31,608,205	7,087,789	1,817,102	2,957,716	(6,129,733)	37,341,079
Total liabilities	29,448,462	5,896,295	1,582,528	1,410,959	(5,316,564)	33,021,680
Capital expenditure on premises and equipment	149,088	22,898	7,459	--	--	179,445

Financial assets and liabilities not carried at fair value include cash resources, loans and advances to customers, 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.

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.

	($'000)	($'000)
Balance at March 31, 2006	1,175,523	1,113,938
Balance at March 31, 2005	441,764	445,478

inancial Assets and Liabilities (continued)

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.

	($'000)	($'000)
Balance at March 31, 2006	829,575	836,061
Balance at March 31, 2005	541,061	579,061

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 Albion Limited	Republic of Trinidad and Tobago	100%
West Indies Stockbrokers Limited	Republic of Trinidad and Tobago	100%
RBTT Bank (Suriname) N.V.	Republic of Suriname	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%
RBTT Bank N.V.	Netherlands Antilles	100%
RBTT Bank International N.V.	Netherlands Antilles	100%
ABC International N.V.	Aruba	100%
RBTT Bank Aruba N.V.	Aruba	100%
RBTT International Limited	St. Lucia	100%
RBTT Overseas Limited	St. Lucia	100%
RBTT Bank Jamaica Limited	Jamaica	100%
RBTT Finance Limited	British Virgin Islands	100%
RBTT Trust Corporation	Barbados	100%
RBTT Bank Barbados Limited	Barbados	100%

On October 1, 2005, the Group acquired the remaining 8% of the shareholding interest in West Indies Stockbrokers Limited to make it a fully owned subsidiary of RBTT Financial Holdings Limited.

The goodwill arising on this transaction is as follows:

Cash consideration	13,859
Fair value of net assets acquired	(5,755)
Goodwill	8,104

The details of the assets and liabilities acquired from the minority shareholders are as follows:

Assets	
Cash	4,250
Investments	1,842
Receivables	3,300
	9,392
Liabilities	
Trade payables	2,790
Other payables and accruals	847
	3,637
Net assets acquired	5,755

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, Chap. 81:01 (Section 144)

1. **Name of Company:**
   RBTT FINANCIAL HOLDINGS LIMITED Company No. R 1432 (95)

2. **Particulars of Meeting:**
   Eighth Annual Meeting of the Shareholders of the Company to be held on Thursday July 6, 2006 at 10:00 a.m. in the Ballroom, Crowne Plaza, Wrightson Road, Port of Spain, Trinidad.

3. **Solicitation:**
   It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders and, in the absence of a specific direction, in the discretion of the Proxy-holder in respect of any other resolution.

4. **Any Director's statement submitted pursuant to Section 76(2):**
   No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Chap. 81:01.

5. **Any Auditor's statement submitted pursuant to Section 171(1):**
   No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Chap. 81:01.

6. **Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):**
   No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Chap. 81:01.

June 8, 2006

Nicole Richards
Corporate Secretary
RBTT Financial Holdings Limited

Form of Proxy

RBTT FINANCIAL HOLDINGS LIMITED

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CHAP. 81:01
[SECTION 143 (1)]

RBTT FINANCIAL HOLDINGS LIMITED
Company No. R 1432(95)

EIGHTH ANNUAL MEETING scheduled for July 6, 2006 at 10.00 a.m. in the Ballroom, Crowne Plaza, Wrightson Road, Port of Spain, Trinidad.

I/We_____
(Name of Shareholder/s) (Block Letters)

of _____
(Address) (Block Letters)

Shareholder(s) of the above Company, hereby appoint the Chairman of the Meeting, or failing him,

_____
(Name of Proxy)

of_____
(Address of Proxy)

as my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof as indicated below on the Resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the Resolutions referred to. If no such indication is given the Proxy will exercise his discretion as to how he votes or whether he abstains from voting.

Resolutions:	**For:**	**Against:**
1. That the Report of the Directors and the Audited Consolidated Financial Statements for the year ended March 31, 2006 together with the Auditors' Report thereon be and are hereby received.	☐	☐
2. To elect the following directors for specified terms and for such purpose to pass the following resolutions:		
a) That the Directors to be re-elected be re-elected en bloc;	☐	☐
b) That Mr. Suresh Sookoo, Mr. Miguel Pourier, Mr. Brian Young and Mr. Garth Chatoor, be and are hereby re-elected Directors of the Company for a term expiring at the close of the Third Annual Meeting following this appointment.	☐	☐
c) Notwithstanding that, Mr. Miguel Pourier and Mr. Brian Young shall each attain the age of seventy (70) years during the period of their respective re-elected terms, that, in accordance with Paragraph 4.6.1 (h) of By-Law No. 1 of the Company, they shall continue to hold office until the close of the Annual Meeting following their attaining the age of seventy (70) years.	☐	☐

Resolutions (Continued):	**For:**	**Against:**
d) That Mr. John Andrews and Mr. Gaston Aguilera, having been both elected for a term expiring at the close of the next Annual Meeting and notwithstanding that they shall each attain the age of seventy (70) years during their respective terms of office, that, in accordance with Paragraph 4.6.1 (h) of By-Law No. 1 of the Company, they be permitted to hold office until the next ensuing Annual Meeting of the Company.	☐	☐
3. That PricewaterhouseCoopers be re-appointed Auditors of the Company and the Directors be authorised to fix their remuneration for the ensuing year.	☐	☐

Signature _____ Date _____

Notes:

1. If it is desired to appoint as a proxy a person other than those named on the form, delete as necessary and insert the name and address of the person appointed.

2. If the shareholder is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

3. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or governing body to represent it at this Annual Meeting.

4. In the case of a joint shareholder, the signature of one shareholder is sufficient but the names of all joint shareholders should be stated.

5. To be valid, this Proxy Form must be completed and deposited at the Registered Office of the Company, at the address below not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

Return to:

The Corporate Secretary
RBTT Financial Holdings Limited
Royal Court
19 – 21 Park Street
Port of Spain
Trinidad, West Indies

FOR OFFICIAL USE ONLY:

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