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Chairman's Report

An Historic Year

This has been an eventful and historic year for the RBTT Group.

On October 2, 2007, the Royal Bank of Canada and the RBTT Financial Group jointly announced an agreement to combine RBC's Caribbean retail banking operations with RBTT through the acquisition of RBTT. The Board of Directors voted unanimously in favour of the transaction, and the announcement ended months of speculation about the future of RBTT.

Shareholders voted resoundingly in favour of the resolution to amalgamate the two organisations at a Special Shareholders' Meeting on March 26, 2008 with more than 98% of the votes cast in support.

On June 16, RBC completed the sale, paying US$2.2 billion to RBTT shareholders, 60% in cash and 40% in RBC shares.

The amalgamation with RBC has significantly extended our banking network in the Caribbean. We now have a presence in 18 countries across the region, from the Bahamas in the North to Suriname in the South. It has also connected RBTT to Canada's largest bank, and one of the world's most highly rated financial institutions.

This development not only ensures the further expansion of the great franchise we have created over the years, it heralds increased opportunities for our customers and employees. Equally as important, it has provided our shareholders, with the ability to realise an attractive return on their RBTT investment, and have a stake in one of the world's best-performing financial institutions.

Technological Transformation

During the year, we made significant progress with the Recast project. The project, which involves the conversion of RBTT's business processes and technology onto a single platform, is expected to be completed by December 2008. So far, Antigua; St. Vincent and Bequia; and St Lucia have been converted.

Group Performance – Financial Highlights

For the fiscal year ended March 31, 2008, the Group recorded pre-tax earnings of $1,309 million, an improvement of 11% over the previous year. This growth was underpinned by a strong growth in net interest income of 10% generated by the Retail and Commercial banking entities. Pre-tax earnings for the fourth quarter were $401 million, an increase over the comparable period last year of 26%.

Profit attributable to shareholders remained flat over last year as the Group's tax charge increased significantly by $124 million or 50% over the previous year, due to several factors which include higher taxable income generated by retail banking entities, increased provisions for tax assessments and changes to the tax legislation in one jurisdiction. Consequently, diluted earnings per share remained the same as last year at $2.71.

The Retail and Commercial Banking units performed strongly, with pre-tax earnings increasing by 31%. Our Investment Banking business recorded a decline in earnings of 5%, while profits from our Trust and Asset Management business fell marginally by 3% in a period of sluggish market conditions.

Total assets increased by 11% or $5 billion to $53 billion, principally due to growth in loans and advances of 12%. Customer deposits also grew strongly by 13%.

The Directors declared a final dividend of 65¢ per share, which was paid on May 28, 2008 to shareholders on record as at May 16, 2008, bringing the full-year dividend to $1.25 per share.

A Management Discussion & Analysis of the Group's performance is provided later in this report.

Board of Directors

I would like to specially recognise and express my appreciation to the members of the Board for their strong interest and insightful contribution, which has helped to bring the organisation to where it is today. I also thank retired Directors Arthur Lok Jack, Rodney Prasad, Gaston Aguilera, Peter Ganteaume and John Andrews, for the valued roles that they played in the process. I wish them well in all their future endeavours.

Together Forward

I conclude this report by reiterating my positive outlook for the combined RBC/RBTT entity. It is an exciting time in which we have the opportunity to capitalise on the many advantages that come with being a member of a distinguished global financial services provider. I am confident that, together, we will elevate the standard of banking in the Caribbean and make an indelible mark in the industry.

Peter J. July
Chairman

Management Discussion & Analysis

This Management Discussion and Analysis (MD&A) is provided to enable the reader to assess our financial condition and the results of our operation for the financial year ended March 31, 2008. This MD&A 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 while other subsidiaries have a fiscal year end of December 31. All dollar amounts in this MD&A are in Trinidad and Tobago Dollars (TT$), unless otherwise stated. Foreign currencies have been translated into TT$ 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.

Consolidated Results From Operations

- Pre-tax earnings were $1,309 million, up 11% from the prior year;
- Retail Banking was up 31%, while Investment Banking and Trust and Asset Management business were down 5% and 3% respectively;
- Profit attributable to shareholders was $931 million, the same as last year;
- Total net income was $3,327 million, up 10% from the prior year;
- Cost of credit was down 12% against the prior year;
- Non-interest expenses were $2,012 million, up 10% against the prior year;
- Tax expense was $371 million, up $124 million or 50% over the prior year.

Key Transactions and Events

- On October 1, 2007, RBTT Financial Group (RBTT) entered into an agreement with Royal Bank of Canada (RBC) to combine RBC's Caribbean retail banking operations with RBTT through the acquisition of RBTT for a total purchase consideration of TT$13.8 billion (approximately US$2.2 billion at exchange rate as of September 28, 2007). Under the agreement, RBTT shareholders were offered a per share consideration of TT$40 payable in a combination of cash (60%) and RBC common shares (40%). The number of RBC common shares received by RBTT shareholders is subject to a plus or minus 10% collar based on an RBC share price of US $54.42.

  At a Special Meeting of the shareholders of RBTT held on March 26, 2008, the amalgamation resolution was approved by 98.2% of the votes cast by holders of ordinary shares.
  The transaction was closed on June 16, 2008.
- In December 2007, the banks in Antigua, St. Vincent and Bequia were converted to the new Temenos T-24 banking software application system. This represented the first conversion of full banking entities under the Recast Program.

Adoption of New and Revised Accounting Standards

During the financial year the Group adopted IFRS 7 – Financial Instruments: Disclosures and the complementary amendment to IAS 1 – Capital disclosures. Both standards introduced new disclosures relating to financial instruments and did not have any impact on the valuation of the Group's financial statements. The standard requires the disclosure of qualitative and quantative information about exposure to risks arising from financial instruments.

Profits

Consolidated pre-tax profits for the twelve months ended March 31, 2008, were $1,309 million, an increase over last year of $128 million or 11%. This growth was largely evident in the fourth quarter which experienced year on year growth of 26%, compared to 5%, 2% and 9% in the first, second and third quarters respectively.

The results for the twelve months were influenced by strong growth in net interest income of 14%, but sluggish growth in non-interest income of 4.5%, resulting in growth in total net income of 10%. On the expenses side, operating expenses increased by 10%, resulting in a 10% growth in margin. Cost of credit declined from the level of the previous year by 12%.

At the business segment level, the pre-tax profits performance was consistent over the four quarters of the year, with retail banking entities experiencing growth of 31%, underpinned by strong growth performances from all the retail banking groupings. By contrast, the Investment banking and Trust and Asset management business segments experienced declines in profitability of 5% and 3% respectively.

Profit attributable to shareholders for the twelve months was $931 million, the same as last year, due largely to the increase in the Group's tax charge for the period of $124 million or 50%. The diluted earnings per share remained flat at $2.71.

Management Discussion & Analysis (continued)

Income

Total net income for the year was $3,327 million compared to $3,026 million one year ago, an increase of $301 million or 10%. Net interest income, which contributed $2,095 million or 63% of total net income, grew solidly by 13.5%, while other income (non-interest income), which contributed the remaining 37%, grew sluggishly by 4%.

Net Interest Income

The strong growth in net interest income of 13.5% was attributable to the healthy loan growth generated by the retail business segment, coupled with the redeployment of cash balances held by the Merchant Bank at the beginning of the year into higher yielding investments. Loans in the retail business segment grew by $3 billion during the year.

The net interest spread, which measures the profitability of the Group's intermediation business, showed that during the twelve-month period, loan yields increased by 16 basis points over last year with the installment loans, corporate demand loans and mortgages contributing the major part of the improved returns. By contrast, investment securities showed a decline in yield of four basis points. On the funding side, cost of funds declined over last year by 16 basis points. These positive occurrences contributed to an improvement in the net interest spread of six basis points from 4.11% last year to 4.17% in the current period.

Non-Interest Income

Non-interest income grew sluggishly over last year by $53 million or 4%. The low rate of growth during the year was primarily as a result of the performance of the fee and commissions earnings, which declined by $51 million or 6%.

Non-Interest Expenses

Non-interest expenses, excluding provisions for credit losses, increased by $180 million or 10% over last year. The categories of expenses that showed the most significant increases were staff costs, which increased by $31 million or 3%, technology expenses, which increased by $32 million or 19%, and other expenses, which increased by $112 million or 26%.

The Group's efficiency ratio for the year ended March 31, 2008, as measured by the expression of operating expenses as a percentage of total net income, was 61%, the same as last year. This occurred because the 10% increase in total net income was mirrored by the increase in operating expenses for the period.

Cost of Credit

Cost of credit for the year declined by $3.5 million or 12% compared with last year. The reduction reflects the lower amount of provisions made in 2008 because of improvement in the credit quality of the loan and investment securities portfolios.

Balance Sheet Highlights

Over the twelve months to March 31, 2008, total assets increased by $4.9 billion or 10%, with loans and advances accounting for the most significant share ($2.6 billion) of the increase. The growth in assets was funded largely by customers' deposits, which increased by $3.7 billion or 13%. Other significant movements include investment securities and balances with Central Banks, each of which increased by $0.8 billion.

Loans and Advances to Customers

Loans and Advances to customers grew by $2.6 billion or 11.8% during the year. This growth occurred primarily in demand loans ($1.2 billion or 11.6%), mortgages ($485 million or 10.6%) and installment loans ($496 million or 12.6%).

RBTT Bank N.V. and its subsidiaries grew their loans by $1.081 billion or 17%, RBTT Bank Limited's loans grew by $561 million or 6.4%, the Eastern Caribbean's grew by $547 million or 35.1%, and RBTT Bank Jamaica Limited grew by $515 million or 21.8%.

Deposit Liabilities

Customers' deposits grew by $3.7 billion or 13% over the year ended March 31, 2008. Term deposit balances led the growth with $2.2 billion or 22.3%. This growth was attributable in the main to RBTT Bank Limited, whose term deposit balances increased by $1.5 billion, representing 68% of the Group's increase. Current account balances increased by $828 million or 10.8% with major contributions from the Dutch Caribbean ($256 million) and RBTT Jamaica Limited ($158 million). Savings balances increased by $662 million or 10.8%, of which the Dutch Caribbean contributed $515 million.

Shareholders' Equity

Shareholders' equity increased by $647 million or 14.7%. This increase includes the movement in retained profits for the year of $372 million and an increase in the investment revaluation reserve account balance of $173 million, mostly attributable to the positive changes in value of the GHL shares held and the available-for-sale portfolio of structured products.

Report of the Directors

The Directors hereby submit their Report for the year ended March 31, 2008.

Consolidated Financial Results and Dividends	**TT$'000**
Profit attributable to shareholders	931,139
Transfer to Statutory Reserve	(78,761)
Transfers to General Banking Risk Reserve	(25,996)
Other Reserves Movements	(24,017)
Dividends:	
Final Dividend of 65 cents for year ended March 31, 2007 paid on June 18, 2007	(223,466)
Interim Dividend of 60 cents per share paid on November 22, 2007	(206,439)
Total Dividend paid in financial year	(429,905)
Retained Profits at beginning of year	2,929,660
Retained Profits at end of year	3,302,120

Directors' and Substantial Interests

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, 2008:

DIRECTORS' INTEREST

	FULLY PAID UP ORDINARY SHARES MARCH 31, 2008	
DIRECTORS	**Beneficial**	**Non-Beneficial**
Peter July	975,461	Nil
Gaston Aguilera	143,011	Nil
John Andrews	60,000	Nil
Robert Bermudez	126,678	Nil
Garth Chatoor	49,000	Nil
Martin Daly, S.C.	6,098	Nil
Arthur Lok Jack	700,000	Nil
Miguel Pourier	Nil	Nil
Rodney Prasad	50,138	Nil
Suresh Sookoo	102,900	Nil
Gary Voss	7,920	Nil
Brian Young	Nil	Nil

SUBSTANTIAL INTERESTS as at March 31, 2008

SHAREHOLDERS	**FULLY PAID UP ORDINARY SHARES**	**% OF ISSUED SHARE CAPITAL**
National Insurance Board	69,377,607	20.18
Guardian Holdings Group	42,880,499	12.46

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

Report of the Directors (continued)

Annual Meeting

Section 109 of the Companies Act, Chap. 81:01 states that the directors of a Company shall call an Annual Meeting of Shareholders not later than fifteen (15) months after holding the last preceding Annual Meeting.

The 2008 Annual Meeting of RBTT Financial Holdings Limited was scheduled for July. No Annual Meeting of the Company was held in view of the fact that the Company was acquired by Royal Bank of Canada on June 16, 2008. The acquisition was structured as a statutory amalgamation under the Companies Act of Trinidad and Tobago, in which the Company amalgamated with a wholly owned subsidiary of Royal Bank of Canada, RBC Holdings (Trinidad & Tobago) Limited. The Company and RBC Holdings (Trinidad and Tobago) Limited then continued as one company, RBC Financial (Caribbean) Limited.

Nicole Richards
Corporate Secretary

Independent Auditor's Report

To the shareholders of
RBTT Financial Holdings Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of RBTT Financial Holdings (the Company) and its subsidiaries (together, the Group) which comprise the consolidated balance sheet as at 31 March 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
2 June 2008

Consolidated Balance Sheet

Expressed in Trinidad and Tobago Dollars

	Note	At 31 March 2008 ($'000)	At 31 March 2007 ($'000) (Restated)
Assets			
Cash on hand and due from banks	4	6,426,590	5,707,823
Balances with central banks	5	2,957,919	2,125,942
Loans and advances to customers	6	24,820,818	22,193,565
Investment securities	7	15,372,445	14,567,689
Investment in associate companies and joint venture	8	170,192	142,613
Due from associate companies		29,009	10,875
Derivative financial instruments	9	1,633,275	1,611,188
Goodwill	10	450,145	450,145
Premises and equipment	11	1,252,231	1,101,334
Deferred tax assets	12	33,906	40,754
Other assets	13	380,684	353,410
Total Assets		53,527,214	48,305,338
Liabilities			
Due to banks		1,594,699	1,168,744
Customers' deposits	14	32,400,684	28,665,375
Other funding instruments	15	7,983,730	7,795,903
Other borrowed funds	16	2,441,390	2,221,175
Debt securities in issue	17	978,906	988,402
Derivative financial instruments	9	1,503,726	1,492,997
Post-retirement benefit obligations	18	94,146	126,670
Current income tax liabilities		324,251	249,179
Deferred tax liabilities	12	296,496	213,401
Other liabilities		823,559	952,857
Total Liabilities		48,441,587	43,874,703
Shareholders' Equity			
Share capital	19	890,426	876,524
Statutory reserves	20	554,786	476,026
Other reserves	21	291,942	109,759
Retained earnings		3,302,120	2,929,660
Total Shareholders' Equity		5,039,274	4,391,969
Minority Interest	22	46,353	38,666
Total Equity		5,085,627	4,430,635
Total Equity and Liabilities		53,527,214	48,305,338

The notes on pages 12 to 87 form an integral part of these consolidated financial statements.

On 2 June 2008, the Board of Directors of RBTT Financial Holdings Limited authorised these consolidated financial statements for issue.

Director

Director

Consolidated Income Statement

Expressed in Trinidad and Tobago Dollars

	Note	Year ended 31 March 2008 ($'000)	2007 ($'000) (Restated)
Interest income	23	3,768,972	3,374,342
Interest expense	24	(1,673,571)	(1,527,739)
Net Interest Income		2,095,401	1,846,603
Other income	25	1,232,355	1,179,704
Net Income		3,327,756	3,026,307
Operating expenses	26	(2,012,170)	(1,832,462)
Impairment losses on loans and advances	6.2	(35,075)	(48,746)
Impairment credit on investment securities	7.2	8,682	18,827
Total Non-Interest Expenses		(2,038,563)	(1,862,381)
Operating Profit		1,289,193	1,163,926
Share of profits of associate companies and joint venture before tax		20,069	16,892
Profit Before Taxation		1,309,262	1,180,818
Taxation	27	(370,567)	(246,811)
Profit After Taxation		938,695	934,007
Attributable to:			
Shareholders of the company		931,139	931,179
Minority interest		7,556	2,828
		938,695	934,007
Earnings per share for profit attributable to the shareholders of the parent company during the year (expressed in $ per share)			
- Basic	28	$ 2.71	$ 2.71
- Diluted	28	$ 2.71	$ 2.71

The notes on pages 12 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Expressed in Trinidad and Tobago Dollars

	Note	Share Capital ($'000)	Statutory Reserves ($'000)	Other Reserves ($'000)	Retained Earnings ($'000)	Total Shareholders' Equity ($'000)	Minority Interest ($'000)	Total Equity ($'000)
Year ended 31 March 2007								
Balance at beginning of year as previously stated		864,021	407,118	117,768	2,641,087	4,029,994	35,760	4,065,754
- Correction of prior period errors	38	--	--	(14,046)	(69,764)	(83,810)	--	(83,810)
- As adjusted		864,021	407,118	103,722	2,571,323	3,946,184	35,760	3,981,944
Currency translation differences	21	--	(147)	(25,710)	(2)	(25,859)	78	(25,781)
Investment securities								
- Losses from changes in fair value	21	--	--	(49,418)	--	(49,418)	--	(49,418)
- Losses transferred to net profit	21	--	--	3,808	--	3,808	--	3,808
Net income/(expense) recognised directly in equity		--	(147)	(71,320)	(2)	(71,469)	78	(71,391)
Profit attributable to shareholders		--	--	--	931,179	931,179	2,828	934,007
Total recognised income		--	(147)	(71,320)	931,177	859,710	2,906	862,616
Transfer to statutory reserves	20	--	69,055	--	(69,055)	--	--	--
Transfer to general banking risks reserve	21	--	--	39,750	(39,750)	--	--	--
Employee share options								
- Value of services provided	19	8,526	--	--	--	8,526	--	8,526
- Proceeds from shares issued	19	3,977	--	--	--	3,977	--	3,977
Other reserve movements	21	--	--	37,607	(34,558)	3,049	--	3,049
Dividends	29	--	--	--	(429,477)	(429,477)	--	(429,477)
Balance at end of year		876,524	476,026	109,759	2,929,660	4,391,969	38,666	4,430,635
Year ended 31 March 2008								
Balance at beginning of year as restated		876,524	476,026	109,759	2,929,660	4,391,969	38,666	4,430,635
Currency translation differences	21	--	(1)	(34,631)	--	(34,632)	621	(34,011)
Investment securities								
- Gains from changes in fair value	21	--	--	202,855	--	202,855	--	202,855
- Gains transferred to net profit	21	--	--	(30,342)	--	(30,342)	--	(30,342)
Net income/(expense) recognised directly in equity		--	(1)	137,882	--	137,881	621	138,502
Profit attributable to shareholders		--	--	--	931,139	931,139	7,556	938,695
Total recognised income		--	(1)	137,882	931,139	1,069,020	8,177	1,077,197
Transfer to statutory reserves	20	--	78,761	--	(78,761)	--	--	--
Transfer to general banking risks reserve	21	--	--	25,996	(25,996)	--	--	--
Employee share options								
- Value of services provided	19	7,468	--	--	--	7,468	--	7,468
- Proceeds from shares issued	19	6,434	--	--	--	6,434	--	6,434
Other reserve movements	21	--	--	18,305	(24,017)	(5,712)	--	(5,712)
Dividends	29	--	--	--	(429,905)	(429,905)	(490)	(430,395)
Balance at end of year		890,426	554,786	291,942	3,302,120	5,039,274	46,353	5,085,627

The notes on pages 12 to 87 form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2007

	Note	Year ended 31 March 2008 ($'000)	2007 ($'000) (Restated)
Operating Activities			
Profit before taxation		1,309,262	1,180,818
Adjustments for:			
Impairment losses on loans and advances to customers		35,075	48,746
Post-retirement benefit expense (net of premiums paid)		(30,671)	(8,465)
Capitalised interest on investment securities		(46,335)	(54,583)
Net investment trading income		(135,601)	(115,336)
Impairment credit on investment securities		(8,682)	(18,827)
Depreciation		133,781	124,568
(Gain)/loss on disposal of premises and equipment		(1,008)	2,965
Dividends received from associate companies and joint venture		5,243	5,359
Share of profits of associate companies and joint venture		(20,069)	(16,892)
(Gains)/losses transferred from investment revaluation reserve		(30,342)	3,808
Employee share options		7,468	8,526
Translation adjustment		36,677	23,792
Operating Profit Before Changes In Operating Assets And Liabilities		1,254,798	1,184,479
(Increase)/decrease in operating assets			
Balances with central banks		(831,977)	(347,880)
Loans and advances to customers		(2,791,037)	(2,788,030)
Other assets		(66,902)	(16,519)
Increase/(decrease) in operating liabilities			
Due to banks		427,949	(481,752)
Customers' deposits		3,872,054	4,650,840
Other funding instruments		284,317	1,698,258
Due from associate companies		(18,134)	(40,820)
Other liabilities		(84,379)	(443,941)
Corporation taxes paid		(252,511)	(182,485)
Cash Provided By Operating Activities		1,794,178	3,232,150
Investing Activities			
Investment in subsidiary, associate companies and joint venture, net of cash acquired		(15,799)	(3,791)
Net increase in investment securities		(565,805)	(1,225,126)
Additions to premises and equipment		(305,728)	(298,142)
Proceeds from sale of premises and equipment		20,358	13,276
Cash Used In Investing Activities		(866,974)	(1,513,783)
Financing Activities			
Proceeds from issue of shares		6,434	3,977
Net increase in other borrowed funds		245,396	229,890
Net (decrease)/increase in debt securities in issue		(9,496)	153,178
Dividends paid to company's shareholders		(429,905)	(429,477)
Dividends paid to minority interests		(490)	--
Cash Used In Financing Activities		(188,061)	(42,432)
Effect of exchange rate changes on cash resources		(20,376)	(9,709)
Net Increase In Cash On Hand And Due From Banks		718,767	1,666,226
Balance At Beginning Of Year		5,707,823	4,041,597
Balance At End Of Year		6,426,590	5,707,823

The notes on pages 12 to 87 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

1 Incorporation And Business Activities of the Group

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

The subsidiaries and associate companies of RBTT Financial Holdings Limited are engaged in banking and financial intermediation services, 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 financial 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 or loss, investment properties, derivative financial instruments and other trading liabilities.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Amendments to published standards and interpretations effective January 1, 2007

IFRS 7 - Financial Instruments: Disclosures and the complementary amendment to IAS 1 - Capital disclosures. Both standards introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the group's financial instruments or the disclosure relating to taxation. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosure about credit risk, liquidity risk and market risk.

The application of these new interpretations listed below did not have a material impact on the Group's financial statements.

	Effective dates
IFRIC 8, Scope of IFRS 2	1 May 2006
IFRIC 9, Reassessment of embedded derivative	1 June 2006
IFRIC 10, Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11, IFRS 2 – Group Treasury Share Transactions	1 March 2007

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

a) Basis of preparation (continued)

New standards and interpretations to published standards that are not yet effective and have not yet been early adopted by the Group.

	Effective dates
IFRS 8, Operating segments	1 January 2009
IFRIC 12, Service Concession Arrangements	1 January 2009

b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the subsidiaries is set out in Note 37.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The investment in associate is initially recognised at cost and is subsequently accounted for using the equity method of accounting. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement and its share of post acquisition movements in reserves is recognised in reserves. The Group's investment in the associates is carried on the balance sheet at an amount that reflects its share of the net assets of the associates. The associates' accounting policies have been changed where necessary to ensure that consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

b) Principles of consolidation (continued)

(iii) Joint venture

Jointly controlled entities are those that involve the establishment of a corporation, partnership, or other entity in which each venturer has an interest. The entity operates in the same way as other entities except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity. The investment in the joint venture is accounted for using the equity method.

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

There are a number of subsidiaries, associates and joint ventures with a reporting date different to the reporting date of the Group. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. The difference between the reporting date of these entities and the Group is no more than three months.

c) Foreign currency translation

Functional and presentation currency:
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in Trinidad and Tobago dollars which is the Group's functional and presentation currency.

Transactions and balances:
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies:
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

c) Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such instruments, are taken to shareholders' equity. When a foreign operation is disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

d) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and advances to customers; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss from inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial assets and liabilities are designated at fair value through profit or loss when:

- The designation significantly reduces measurement inconsistencies that would arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- Assets and liabilities that are part of a group of financial assets, financial liabilities or both which are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit or loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit or loss.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net trading income.'

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

d) Financial assets (continued)

(ii) Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(iii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and the ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale investments are those 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.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on the settlement date – the date on which there is a cash outflow or inflow.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value thorough profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and advances to customers and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

d) Financial assets (continued)

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

e) Impairment of financial assets

(i) Financial assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) Delinquency in contractual payments of principal or interest;
(ii) Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
(iii) Breach of loan covenants or conditions;
(iv) Initiation of bankruptcy proceedings;
(v) Deterioration of the borrower's competitive position
(vi) Deterioration in the value of collateral; and
(vii) Downgrading of the asset.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets 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 has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

e) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped together on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When a financial asset is uncollectible, it is written off against the related provision for impairment loss. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) Financial assets classified as available-for-sale

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets carried at fair value is impaired if its carrying amount is greater than its estimated recoverable amount based on the present value of expected future cash flows discounted at the current market rate of interest. If any such evidence exists for financial assets available-for-sale, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is removed from equity and recognised in the income statement.

If in a subsequent period, the fair value of a financial asset classified as an investment security available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(iii) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

f) 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.

g) 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 fair value on the date on which a derivative contract is entered into and subsequently measured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions, and valuation techniques, including 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.

Certain derivatives embedded in other financial instruments, such as the equity option in an index linked instrument, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.
Changes in the fair value of derivatives are recognised immediately in the income statement and are included in net trading income.

h) 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.

i) Revenue recognition

(i) Interest income and expense

Interest income and interest expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs and all other premiums or discounts.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

i) Revenue recognition (continued)

(ii) Fees and commissions

The Group earns fees and commissions from a diverse range of services and products to its customers.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commissions and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the completion of the underlying applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividend income

Dividend income is recognised when the right to receive dividend is established.

j) 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. 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. Gains or losses realised on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

k) Premises and equipment

Premises and equipment are stated at cost less depreciation.
Depreciation is computed principally on the straight line 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	-	15% to 20%
Computer	-	10% to 25%

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

k) Premises and equipment (continued)

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 income statement when the expenditure is incurred.

Borrowing costs incurred primarily for the purpose of acquiring, constructing or producing an asset that necessarily takes a substantial period of time to get ready for its intended use is capitalised as part of its cost. Borrowing costs capitalised will be mainly interest costs and exchange differences arising on foreign currency borrowings.

l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

m) 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.

n) Leases

(i) A Group company is the lessee

The leases entered into by the Group which do not transfer substantially all the risk and benefits of ownership are classified as operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) A Group company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable and reported in loans and advances to customers. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant period rate of return.

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Rental payments received under operating leases are recognised on a straight-line basis over the lease period.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

p) 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 income statement over the period of the borrowings using the effective interest method.

q) 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.

r) 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.

s) 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 income statement in the year to which they relate.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

s) Employee benefits (continued)

(ii) Equity compensation benefits

The Group operates an equity settled, share based compensation plan. The fair value of employee services received in exchange for the grant of share options is recognised as an expense in the income statement 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 income statement 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.

(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.

t) Deferred income tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation on equipment and the revaluation of certain financial assets including derivative financial instruments.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

2 Significant Accounting Policies (continued)

t) Deferred income tax (continued)

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax related to fair value re-measurement of financial assets available-for-sale is credited or charged directly to equity and subsequently recognised in the income statement together with the deferred gain or loss.

u) 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. The 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 31 March 2008 totalled $57.1 billion (2007 - $54.3 billion).

v) 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.

w) 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 reflects the risks and earnings structure of the Group.

x) Comparative information

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 International Accounting Standard #8 – Accounting policies, changes in accounting estimates and errors. The impact of these adjustments and reclassifications are summarised in Note 38 - Restatements and reclassifications.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

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 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 should be recorded in the income statement, 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 a portfolio of assets before the decrease can be identified with an individual asset in that portfolio. 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. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. 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

The Group is subject to income taxes in several jurisdictions. 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.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

3 Critical Accounting Estimates And Judgements In Applying Accounting Policies (continued)

e) Securitisations and special purpose entities

The Group supports the formation of special purpose entities (SPEs) primarily for the purpose of allowing clients to hold investments for asset securitisation purposes and for buying and selling credit protection. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it may make judgements about its exposure to the risks and rewards as well as about its ability to make operational decisions about the SPE in question. In many instances, elements are present that, when considered in isolation, indicate control or lack of control over an SPE, but when considered together, make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

4 Cash On Hand And Due From Banks

	2008 ($'000)	2007 ($'000)
Cash on hand	1,610,996	1,263,465
Due from banks	4,815,594	4,444,358
	6,426,590	5,707,823

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.

5 Balances With Central Banks

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

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

6 Loans And Advances To Customers

	2008 ($'000)	2007 ($'000)
Retail	4,840,528	4,906,675
Commercial/corporate	14,469,457	12,200,468
Mortgages	5,072,086	4,592,789
Other	1,290,109	1,445,064
Gross loans and advances	25,672,180	23,144,996
Unearned interest	(701,804)	(715,953)
	24,970,376	22,429,043
Interest receivable	164,935	150,126
Allowance for impairment losses	(314,493)	(385,604)
	24,820,818	22,193,565
Neither past due nor impaired loans and advances	23,094,362	20,500,501
Past due but not impaired loans and advances	2,049,424	1,982,818
Impaired loans and advances	528,394	661,677
Gross loans and advances	25,672,180	23,144,996
Included in loans and advances are amounts pledged for the benefit of investors in other funding instruments	663,265	1,366,523

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

6 Loans And Advances To Customers (continued)

	2008 ($'000)	2007 ($'000)
6.1 Allowance for impairment losses		
Balance at beginning of year	385,604	395,063
Amounts previously provided for now being written off	(125,365)	(68,023)
Increase in allowance for the year (excluding recoveries)	51,419	57,996
Currency translation differences	2,835	568
Balance at end of year	314,493	385,604
Individual impairment	243,757	331,288
Collective impairment	70,736	54,316
	314,493	385,604
Allowance for impairment losses by sector:		
Retail	146,341	144,828
Commercial/corporate	118,651	161,556
Mortgages	40,032	69,573
Other	9,469	9,647
	314,493	385,604
6.2 Impairment losses on loans and advances to customers		
Increase in allowance for the year	51,419	57,996
Amounts not previously provided for being directly written off	797	1,701
Recoveries	(17,141)	(10,951)
	35,075	48,746
Impairment losses by sector:		
Retail	28,460	24,595
Commercial/corporate	10,374	30,743
Mortgages	(2,024)	(11,511)
Other	(1,735)	4,919
	35,075	48,746

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

7 Investment Securities

	2008 ($'000)	2007 ($'000)
Securities at fair value through profit or loss (including trading)	2,080,056	1,530,504
Securities available-for-sale at fair value	11,750,681	11,880,884
Securities held-to-maturity at amortised cost	1,377,254	1,020,662
	15,207,991	14,432,050
Unearned interest	(44,020)	(66,584)
Interest receivable	218,058	220,274
Allowance for impairment		
-Securities available-for-sale	(9,584)	(18,051)
	15,372,445	14,567,689
Investment securities pledged for the benefit of investors in other funding instruments	7,675,069	6,857,623
Securities at fair value through profit or loss (including trading)		
Held for trading		
Government and state-owned enterprises debt securities	442,266	199,418
Corporate debt securities	1,466,170	1,331,086
	1,908,436	1,530,504
Designated upon initial recognition		
Corporate debt securities	171,620	--
	171,620	--
	2,080,056	1,530,504
Securities available-for-sale at fair value		
Treasury bills and treasury notes	2,236,881	1,728,291
Government and state owned enterprises debt securities	4,375,029	5,738,932
Corporate debt securities	2,476,301	2,352,154
Other debt securities	696,751	368,681
Money market instruments	1,202,203	1,115,325
Equity securities	763,516	577,501
	11,750,681	11,880,884
Securities held-to-maturity at amortised cost		
Government and state-owned enterprises debt securities	626,888	383,007
Corporate debt securities	623,215	636,090
Other debt securities	127,151	1,565
	1,377,254	1,020,662

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

7 Investment Securities (continued)

	2008 ($'000)	2007 ($'000)
7.1 Provision for impairment		
Balance at beginning of year	18,051	40,642
Foreign exchange adjustment	215	54
Amounts previously provided for now being written off	--	(12,206)
Amounts previously written-off now reinstated	--	9,313
Decrease in allowance for the year	(8,682)	(19,752)
Balance at end of year	9,584	18,051
7.2 Impairment (credit)/expense		
Amounts not previously provided for being directly written off	--	925
Decrease in allowance for the year	(8,682)	(19,752)
	(8,682)	(18,827)
Securities available-for-sale at fair value	(8,682)	(18,827)
	(8,682)	(18,827)

8 Investment In Associate Companies And Joint Venture

	2008 ($'000)	2007 ($'000)
Associate companies	64,134	55,406
Joint venture	106,058	87,207
	170,192	142,613
8.1 Movement in equity interest in associate companies		
Balance at beginning of year	55,406	48,089
Additional investment	8,723	--
Share of current year's profits, net of tax	2,685	6,322
Share of current year's reserves	(2,345)	2,479
Dividends	(335)	(1,484)
Balance at end of year	64,134	55,406

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

8 Investment In Associate Companies And Joint Venture

8.2 Associate companies

The Group's interest in its principal associates, which are unlisted, are as follows:

	Assets ($'000)	Liabilities ($'000)	Revenues ($'000)	Operating profit ($'000)	% of equity capital held
At 31 March 2008					
Development Finance Limited	642,848	(492,789)	29,328	4,738	31.1%
Infolink Services Limited	31,888	(2,265)	14,230	6,008	25.0%
Park Court Limited	51,198	(36,750)	--	--	20.0%
KF Real Estate C.V.	20,111	(11,388)	360	335	33.3%
At 31 March 2007					
Development Finance Limited	522,026	(426,026)	48,965	12,466	31.1%
Infolink Services Limited	58,075	(1,214)	7,111	3,166	25.0%
Park Court Limited	51,198	(36,750)	2,569	819	20.0%

All associate companies except KF Real Estate C.V. are incorporated in the Republic of Trinidad and Tobago. KF Real Estate is incorporated in Curaçao.

8.3 Movement in interest in joint venture

	2008 ($'000)	2007 ($'000)
Balance at beginning of year	87,207	78,013
Additional investment during the year	7,076	3,791
Share of current year's profits, net of tax	16,683	9,278
Dividends	(4,908)	(3,875)
Balance at end of year	106,058	87,207

8.4 Interest in joint venture

	Country of incorporation	Percentage of equity capital held
Joint venture at 31 March 2008		
RGM Limited	Republic of Trinidad and Tobago	33 1/3%
Joint venture at 31 March 2007		
RGM Limited	Republic of Trinidad and Tobago	33 1/3%

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

8 Investment In Associate Companies And Joint Venture (continued)

	2008 ($'000)	2007 ($'000)
8.4 Interest in joint venture (continued)		
Assets		
Investment properties	245,532	246,847
Other non-current assets	51,237	18,321
	296,769	265,168
Current assets	15,595	19,341
	312,364	284,509
Liabilities		
Non-current liabilities	162,901	190,069
Current liabilities	43,405	7,233
	206,306	197,302
Net assets	106,058	87,207
Income	49,771	40,363
Expenses	(33,088)	(31,085)
Profit after tax	16,683	9,278
Proportionate interest in joint venture's commitments	20,225	13,373

9 Derivative Financial Instruments

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.

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.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

9 Derivative Financial Instruments (continued)

Notional amounts and fair values

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

	Contract/Notional Amount ($'000)	Fair Values Assets ($'000)	Fair Values Liabilities ($'000)
Year ended 31 March 2008			
Derivatives held-for-trading			
Interest rate swaps	891,806	51,436	31,930
Currency swaps	2,184,961	1,581,839	1,471,796
		1,633,275	1,503,726
Year ended 31 March 2007			
Derivatives held-for-trading			
Interest rate swaps	880,961	50,347	27,461
Currency swaps	1,373,882	1,560,841	1,465,536
		1,611,188	1,492,997

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.

10 Goodwill

	2008 ($'000)	2007 ($'000)
Balance at beginning of year	450,145	445,750
Hindsight adjustment	--	4,395
Balance at end of year	450,145	450,145

Goodwill on assets acquired was assessed to determine the need for an impairment provision as at the year end, in accordance with IFRS 3 – Business Combinations. This assessment included, but was not restricted to, the review and consideration of the cash flows, profitability, market positions and technology components of the acquired assets. Based on the results of the assessment, goodwill was deemed not to be impaired as at 31 March 2008 and as such no impairment charge was required.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

11 Premises And Equipment

	Freehold Properties ($'000)	Leasehold Properties ($'000)	Leasehold Improvements ($'000)	Equipment ($'000)	Capital Work in Progress ($'000)	Total ($'000)
At 1 April 2006						
Cost	479,524	15,978	111,453	930,481	149,189	1,686,625
Accumulated depreciation	(88,779)	(1,784)	(48,838)	(598,112)	--	(737,513)
Net book value	390,745	14,194	62,615	332,369	149,189	949,112
Year ended 31 March 2007						
Opening net book value	390,745	14,194	62,615	332,369	149,189	949,112
Translation adjustment	(1,431)	--	(73)	(1,225)	27	(2,702)
Adjusted opening net book value	389,314	14,194	62,542	331,144	149,216	946,410
Additions	10,123	--	7,783	71,129	209,107	298,142
Disposals	(13,157)	--	(2,600)	(2,861)	(32)	(18,650)
Transfers	4,396	--	4,174	68,894	(77,464)	--
Depreciation charge	(12,549)	(295)	(5,428)	(106,296)	--	(124,568)
Closing net book value	378,127	13,899	66,471	362,010	280,827	1,101,334
At 31 March 2007						
Cost	478,186	15,978	114,643	1,015,085	280,827	1,904,719
Accumulated depreciation	(100,059)	(2,079)	(48,172)	(653,075)	--	(803,385)
Net book value	378,127	13,899	66,471	362,010	280,827	1,101,334
Year ended 31 March 2008						
Opening net book value	378,127	13,899	66,471	362,010	280,827	1,101,334
Translation adjustment	(266)	--	(332)	(1,815)	713	(1,700)
Adjusted opening net book value	377,861	13,899	66,139	360,195	281,540	1,099,634
Additions	8,849	--	4,835	52,715	239,329	305,728
Disposals	(7,705)	(5,804)	(69)	(5,772)	--	(19,350)
Transfers	13,829	25,634	9,158	79,916	(128,537)	--
Depreciation charge	(13,227)	(541)	(7,107)	(112,906)	--	(133,781)
Closing net book value	379,607	33,188	72,956	374,148	392,332	1,252,231
At 31 March 2008						
Cost	488,784	38,088	130,041	1,080,903	392,332	2,130,148
Accumulated depreciation	(109,177)	(4,900)	(57,085)	(706,755)	--	(877,917)
Net book value	379,607	33,188	72,956	374,148	392,332	1,252,231

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

11 Premises And Equipment (continued)

Included in premises and equipment is floor space leased by a Group company to third parties under operating leases:

	2008 ($'000)	2007 ($'000)
Aggregate rentals receivable:		
Not later than one year	435	490
Later than one year and no later than five years	1,739	1,960
	2,174	2,450

Borrowing costs capitalised as at 31 March 2008 totalled $12.8 million (2007 - $8.7 million).

12 Deferred Taxation

	2008 ($'000)	2007 ($'000)
The following amounts are shown in the consolidated balance sheet:		
Deferred tax assets	33,906	40,754
Deferred tax liabilities	(296,496)	(213,401)
	(262,590)	(172,647)
The movement on the deferred tax account is as follows:		
At beginning of year	(172,647)	(158,048)
Effect of changes in exchange rate	(386)	496
Income statement charge (Note 27)	(36,355)	(27,909)
Investment revaluation reserve		
- Fair value (gains)/losses	(66,072)	18,065
- Gain/(losses) transferred to the income statement	12,870	(5,251)
At end of year	(262,590)	(172,647)

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

12 Deferred Taxation (continued)

	2008 ($'000)	2007 ($'000)
Deferred tax assets and liabilities are attributable to the following items:		
Deferred tax assets		
Investment securities available-for-sale	14,433	10,669
Post retirement benefits	--	11,100
Accelerated tax depreciation	59	664
Tax losses	4,540	10,373
Interest payable	6,810	7,948
Allowance for impairment on loans and advances	8,064	--
	33,906	40,754
Deferred tax liabilities		
Accelerated goodwill amortisation	66,060	63,279
Accelerated tax depreciation	53,605	45,232
Post retirement benefits	429	7,696
Investment securities available-for-sale	80,797	23,623
Investment securities at fair value through profit or loss	17,420	3,935
Unrealised gains on derivative financial instruments	42,489	39,921
Regulatory loan loss reserve	19,593	17,032
Allowance for impairment losses on loans and advances	(534)	(4,763)
Interest receivable	15,705	17,446
Unrealised foreign exchange gains	932	--
	296,496	213,401

13 Other Assets

	2008 ($'000)	2007 ($'000)
Corporation tax recoverable	43,669	45,949
Other taxes recoverable	48,939	41,300
Other	288,076	266,161
	380,684	353,410

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

14 Customers' Deposits

	2008 ($'000)	2007 ($'000)
Savings	11,597,974	10,935,498
Term deposits	12,026,765	9,832,169
Current accounts	8,526,060	7,698,152
	32,150,799	28,465,819
Accrued interest	249,885	199,556
	32,400,684	28,665,375
Sectoral analysis		
Consumers	16,048,359	14,022,275
Private sector	11,257,513	10,587,686
State sector	4,034,402	3,295,922
Other	810,525	559,936
	32,150,799	28,465,819

15 Other Funding Instruments

	2008 ($'000)	2007 ($'000)
Other funding instruments	7,872,925	7,699,863
Accrued interest	110,805	96,040
	7,983,730	7,795,903
Sectoral analysis		
Consumers	1,164,186	992,296
Private sector	4,380,692	3,512,666
State sector	2,040,454	2,853,538
Other	287,593	341,363
	7,872,925	7,699,863

Other funding instruments consist of asset-backed fund raising instruments which include securities sold subject to repurchase agreements (repos). Interest rates on other funding instruments ranged from 2.25% to 14.95% (2007 – 3% to 13.5%).

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

16 Other Borrowed Funds

	2008 ($'000)	2007 ($'000)
Short-term credit lines	656,777	404,754
Long-term loan agreements	1,060,422	781,741
Private placements	704,940	1,011,885
	2,422,139	2,198,380
Accrued interest	19,251	22,795
	2,441,390	2,221,175

As part of its fundraising 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.

Interest rates on borrowings which are principally in US dollars as at 31 March 2008 ranged from 3.19% to 8.5% (2007 – 5.32% to 7.19%).

17 Debt Securities In Issue

	2008 ($'000)	2007 ($'000)
Debt securities in issue	972,199	981,306
Accrued interest	6,707	7,096
	978,906	988,402

Debt securities in issue as at 31 March 2008 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
US$40 Million Bond	5 years	December 2009	5.45% Floating

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

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

18 Post-Retirement Benefit Obligations

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 amounts recognised on the balance sheet for other post-retirement benefit plans are as follows:

	2008 ($'000)	**2007 ($'000)**
Post-retirement benefit obligation	66,457	99,786
Unrecognised actuarial gain	27,689	26,884
Liability in the balance sheet	94,146	126,670
The movements in the liability recognised on the balance sheet are as follows:		
At beginning of year	126,670	136,416
Net benefit credit	(30,671)	(8,465)
Benefits paid by group companies (net of retirees' premiums)	(1,853)	(1,281)
At end of year	94,146	126,670
Change in post-retirement benefit obligation:		
Defined benefit obligation at beginning of year	99,786	117,894
Current service cost	2,192	6,800
Interest cost	5,396	9,077
Past service cost	(37,131)	(23,895)
Actuarial gains	(1,933)	(8,809)
Benefits paid	(1,853)	(1,281)
	66,457	99,786
The amounts recognised in the income statement are as follows:		
Current service cost	2,192	6,800
Interest cost	5,396	9,077
Amortised net gain	(1,128)	(447)
Past service cost	(37,131)	(23,895)
Net benefit credit included in staff costs (Note 26.1)	(30,671)	(8,465)
The principal actuarial assumptions used were as follows:		
Discount rate	8.75%	8.75%
Medical costs trend rates	7.00%	7.00%

Notes to the Consolidated Financial Statements (continued)

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19 Share Capital

	Number of Ordinary Shares ('000)	Share Capital ($'000)
Year ended 31 March 2007		
At 1 April 2006	343,465	864,021
Share option plan:		
-Value of services provided	--	8,526
- Proceeds from shares issued	254	3,977
At 31 March 2007	343,719	876,524
Year ended 31 March 2008		
At 1 April 2007	343,719	876,524
Share option plan:		
-Value of services provided	--	7,468
- Proceeds from shares issued	353	6,434
At 31 March 2008	344,072	890,426

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

Combination Agreement signed with Royal Bank of Canada on 1 October 2007

On 1 October 2007, RBTT Financial Group (RBTT) entered into an agreement with Royal Bank of Canada (RBC) to combine RBC's Caribbean retail banking operations with RBTT's, through the acquisition of RBTT for a total purchase consideration of TT$13.8 billion (approximately US$2.2 billion at exchange rates as of 28 September 2007).

Under the agreement, RBTT shareholders will receive per share consideration of TT$40 payable in a combination of cash (60%) and RBC common shares (40%). The number of RBC common shares to be received by RBTT shareholders is subject to a plus or minus 10% "collar" based on RBC's share price of US$54.42 (the average trading price of RBC common shares on the New York Stock Exchange for the five consecutive trading days ending on 28 September 2007).

At a Special Meeting of the shareholders of RBTT held on 26 March 2008, the amalgamation resolution was approved by 98.2% of the votes cast by holders of ordinary shares.

The closing of the transaction is subject to the receipt of regulatory approvals which are expected in June 2008.

Notes to the Consolidated Financial Statements (continued)

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19 Share Capital

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 17 April 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:

	Number of share options 2008	2007
Total number of shares allocated to the plan	17,012,164	17,012,164
Issued pursuant to exercise of options	(3,852,685)	(3,499,596)
Outstanding options	(3,855,743)	(3,627,238)
Remaining shares allocated to the plan in respect of which options have not been granted	9,303,736	9,885,330

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. See amendment to the plan described below.

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

	Number of share options 2008	2007
At beginning of year	3,627,238	3,408,118
Granted	816,418	672,740
Exercised	(353,089)	(254,585)
Lapsed	(234,824)	(199,035)
At end of year	3,855,743	3,627,238

Share options were granted on 1 April 2007 at a price of $32.00 (1 April 2006: $31.30) and expire on 31 March 2017 (prior year – 31 March 2016), subject to the amendment described below. Options exercised during the financial year resulted in 353,089 shares being issued (2007 – 254,585 shares issued) at a weighted average price of $18.22 (2007: $15.62). Options that lapsed during the financial year amounted to 234,824 options (2007: 199,035) at an average weighted price of $39.19 (2007: $39.45).

The value of services received for the year was $7.5 million (2007: $8.5 million) which was charged to the income statement.

Notes to the Consolidated Financial Statements (continued)

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19 Share Capital (continued)

Share Options (Continued)

Share options outstanding at 31 March 2008 have the following expiry dates and exercise prices, subject to the amendment described below:

Expiry date	Exercise price $	Number of share options outstanding 2008	2007
31 March 2010	13.60	19,672	24,128
31 March 2011	12.00	123,831	137,675
31 March 2012	14.61	251,346	397,882
31 March 2013	21.60	538,155	726,408
31 March 2014	45.30	731,316	800,347
31 March 2015	43.26	793,967	868,058
31 March 2016	31.30	581,038	672,740
31 March 2017	32.00	816,418	--
		3,855,743	3,627,238

The weighted average price of share options outstanding as at 31 March 2008 was $33.41 (2007: $32.63).

Using the binomial valuation model, the fair value of share options granted in 2008 was $10.98 (2007: $10.71). 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.

Amendment to Option Plan Pursuant to Combination Agreement dated 1 October 2007

Pursuant to the Combination Agreement, the RBTT Option Plan has been amended such that, subject to and conditional upon closing of the combination transaction, (i) all issued and outstanding RBTT options will be deemed to have vested, immediately prior to the closing date; (ii) each unexercised RBTT in-the-money option will be deemed cancelled, immediately prior to the closing date, in exchange for a cash amount equal to the difference between the per share consideration and its exercise price; (iii) each RBTT out-of-money option will be cancelled immediately prior to the closing date without payment of any further consideration; and (iv) no exercises of RBTT options shall be permitted from and after the date that is five (5) business days prior to the closing date.

20 Statutory Reserves

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

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

21 Other Reserves

	2008 ($'000)	2007 ($'000)
Capital reserves	156,079	137,202
Translation reserve	(307,728)	(272,863)
Investment revaluation reserve	170,795	(1,717)
General banking risks reserve	272,796	247,137
	291,942	109,759

21.1 Capital reserves

Capital reserves include several reserve accounts, the most significant of which is the retained earnings reserve of $153,111 million maintained by certain banking subsidiaries. The Banking Acts in certain jurisdictions permit the transfer of any portion of net profits to a retained earnings reserve. Such transfers are made at the discretion of the Board and must be notified to the Central Bank.

	2008 ($'000)	2007 ($'000)
Balance at beginning of year	137,202	113,125
Prior year adjustment to reverse property revaluation reserve	--	(12,946)
- as adjusted	137,202	100,179
Currency translation differences arising during the year	--	(12)
Other reserve movements	18,877	37,035
Balance at end of year	156,079	137,202

21.2 Translation reserve

	2008 ($'000)	2007 ($'000)
Balance at beginning of year	(272,863)	(244,871)
Translation movement on prior year adjustments	--	(164)
- as adjusted	(272,863)	(245,035)
Currency translation differences arising during the year	(34,865)	(27,828)
Balance at end of year	(307,728)	(272,863)

21.3 Investment revaluation reserve – securities available-for-sale

	2008 ($'000)	2007 ($'000)
Balance at beginning of year	(1,717)	42,556
Prior year adjustment to reverse fair value movement	--	(936)
- as adjusted	(1,717)	41,620
Fair value gains/(losses) arising during the year, net of tax	202,855	(49,418)
Realised (gains)/losses transferred to income, net of tax	(30,342)	3,808
Currency translation differences arising during the year	(1)	2,273
Balance at end of year	170,795	(1,717)

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

21 Other Reserves (continued)

	2008 ($'000)	2007 ($'000)
21.4 General banking risks reserve		
This is a non-distributable reserve representing the excess of the provision for credit losses determined in accordance with regulatory requirements over the amount determined under IFRS.		
Balance at beginning of year	247,137	206,958
Currency translation differences arising during the year	235	(143)
Transferred from retained earnings	25,996	39,750
Other reserve movements	(572)	572
Balance at end of year	272,796	247,137

22 Minority Interest

This represents 38% shareholding in RBTT Bank Grenada Limited and 4.6% in RBTT Bank (SKN) Limited.

23 Interest Income

	2008 ($'000)	2007 ($'000)
Loans and advances to customers	2,542,510	2,226,282
Investment securities	1,080,323	1,013,165
Due from banks	146,139	134,895
	3,768,972	3,374,342

24 Interest Expense

	2008 ($'000)	2007 ($'000)
Customers' deposits	908,719	775,504
Due to banks	114,901	107,748
Other interest bearing liabilities	649,951	644,487
	1,673,571	1,527,739

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

25 Other Income

	2008 ($'000)	2007 ($'000)
Fees and commissions (Note 25.1)	786,213	837,339
Net trading income (Note 25.2)	151,329	115,336
Foreign exchange earnings	276,231	219,964
Dividend income	9,364	4,449
Sundry income	9,218	2,616
	1,232,355	1,179,704
25.1 Fees and commissions		
Transaction service fees/commissions	435,904	407,550
Credit related fees and commissions	144,999	135,406
Corporate finance fees	26,991	108,877
Trust and asset management related fees	178,319	185,506
	786,213	837,339
25.2 Net trading income		
Securities at fair value through profit or loss - realised and unrealised gains	104,067	41,314
Derivative financial instruments - realised and unrealised (losses)/gains	(18,741)	32,158
Available-for-sale securities - realised gains	66,003	41,864
	151,329	115,336

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

26 Operating Expenses

	2008 ($'000)	2007 ($'000)
Staff costs (Note 26.1)	1,071,397	1,040,089
Premises and equipment expenses, excluding depreciation and operating lease rentals	189,783	171,602
Advertising	65,240	60,630
Depreciation	133,781	124,568
Deposit insurance premium (Note 26.2)	25,194	20,611
Operating lease rentals	81,291	70,392
Directors' fees	7,799	8,952
Auditors' fees	7,940	6,747
Other operating expenses	429,745	328,871
	2,012,170	1,832,462
26.1 Staff costs		
Wages and salaries including bonuses	1,032,290	959,366
Employees' pension benefit expense	62,310	80,662
Employees' post-retirement benefit credit (Note 18)	(30,671)	(8,465)
Share option plan-value of services provided	7,468	8,526
	1,071,397	1,040,089

The average number of employees in 2008 was 5,327 (2007: 5,404).

26.2 Deposit insurance premium

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago, Barbados, St. Vincent and Jamaica stipulate that an annual premium be paid to a Deposit Insurance Fund based on insurable deposit liabilities outstanding at the end of each quarter of the preceding year. The basis of calculation varies across the legal jurisdictions.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

27 Taxation

	2008 ($'000)	2007 ($'000)
Current tax charge	329,186	236,754
Green fund levy	3,642	2,672
Prior years	683	(21,816)
Net deferred tax charge (Note 12)	36,355	27,909
Share of tax charge of associate companies and joint venture	701	1,292
	370,567	246,811

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

	2008 ($'000)	2007 ($'000)
Profit before tax	1,309,262	1,180,818
Prima facie tax calculated at a rate of 25%	327,316	295,205
Effect of different tax rates in other countries	55,723	52,443
Effect of different tax rates on certain sources of income	(2,239)	1,427
Income exempt from tax	(106,729)	(126,544)
Expenses not deductible for tax	57,468	30,722
Utilisation of tax losses not previously recognised	--	(4,450)
Effect of current year unrecognised tax losses	29,931	19,477
Prior years	683	(21,816)
Green fund levy	3,642	2,672
Business levy	432	464
Other	4,340	(2,789)
	370,567	246,811

The deferred tax charge for the year comprises the following temporary differences:

	2008 ($'000)	2007 ($'000)
Accelerated goodwill amortisation	1,910	2,834
Accelerated tax depreciation	9,756	9,655
Unrealised gains/(losses) on derivative financial instruments	(1,364)	5,969
Allowance for impairment losses on loans and advances	(4,100)	2,264
Investment securities at fair value through profit or loss	17,417	7,575
Post retirement benefits	3,741	7,422
Tax losses	5,901	4,383
Regulatory loan loss reserve	2,561	(12,018)
Other temporary differences	533	(175)
	36,355	27,909

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

28 Earnings Per Share

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

	2008 ('000)	2007 ('000)
Profit attributable to shareholders of the company	$ 931,139	$931,179
Weighted average number of ordinary shares in issue	343,917	343,603
Basic earnings per share	$2.71	$2.71

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).

	2008 ('000)	2007 ('000)
Weighted average number of ordinary shares in issue	$ 343,917	$ 343,603
Adjustment for:		
- Share options	--	--
Weighted average number of ordinary shares for diluted earnings per share	343,917	343,603
Diluted earnings per share	$2.71	$2.71

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

29 Dividends

On 8 May 2008, the Board of Directors declared a final dividend of 65¢ per share bringing the total dividends in respect of the current year to $1.25 per share (2007 - $1.25 per share). These financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the subsequent reporting period.

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

	2008 ($'000)	2007 ($'000)
Final dividend for 2007 - 65¢ per share (2006 - 65¢ per share)	223,466	223,288
Interim dividend for 2008 - 60¢ per share (2007 - 60¢ per share)	206,439	206,189
	429,905	429,477

30 Contingent Liabilities

a) Legal proceedings

As at 31 March 2008, 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.

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.

	2008 ($'000)	2007 ($'000)
Bankers' acceptances and participatory investment certificates	158,167	157,218
Guarantees, indemnities and letters of credit	1,694,641	1,930,109
	1,852,808	2,087,327

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

31 Credit Commitments

	Gross Maximum Exposure 2008 ($'000)	Gross Maximum Exposure 2007 ($'000)
Consumer	134,532	138,318
Manufacturing	173,848	189,850
Distribution	469,768	392,402
Financial services	44,987	35,604
Transport	30,962	48,424
Construction	215,856	119,073
Petroleum	8,000	300
Agriculture	4,330	9,228
Real estate	264,896	252,545
Tourism	251,616	300,212
Professional services	124,033	134,222
Utilities	642,849	1,012,617
Health services	9,132	87
Government	6,554	--
Other	105,429	144,231
	2,486,792	2,777,113

32 Capital And Lease Commitments

The Group's capital commitments, principally in respect of building construction and renovation and information technology projects are $88.9 million as at 31 March 2008 (2007 - $273 million).

	2008 ($'000)	2007 ($'000)
Operating lease commitments are as follows:		
Premises		
Within one year	80,493	51,524
One to five years	232,755	188,879
Over five years	368,116	47,697
	681,364	288,100

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

33 Related Party Transactions

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

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

	2008 ($'000)	2007 ($'000)
Outstanding balances		
Loans and investments		
Associates	375,644	339,001
Directors and key management personnel	33,427	22,013
Other related parties	825,105	791,018
	1,234,176	1,152,032
Deposits and other liabilities		
Associates	27,691	47,109
Directors and key management personnel	21,193	31,148
Other related parties	417,891	375,548
	466,775	453,805
Interest income		
Associates	6,202	5,096
Directors and key management personnel	1,330	1,253
Other related parties	41,857	20,969
	49,389	27,318
Fees and commissions		
Other related parties	--	9,193
Interest expense		
Associates	1,393	1,920
Directors and key management personnel	584	1,200
Other related parties	697	517
	2,674	3,637
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the actions of the Group.		
Key management compensation		
Salaries and other short term benefits	40,240	40,106
Share-based payments	7,468	8,526
	47,708	48,632

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management

34.1 Risk Management

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual company within the Group is accountable for the risk exposures relating to its responsibilities. The Group is exposed to credit risk, liquidity risk, operating risk and market risk, the latter being subdivided into trading and non-trading risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Board risk committee

The Board of Directors discharges its responsibility for overall risk management through the Board Risk Committee which has the overall responsibility to oversee the development, interpretation and implementation of Group policies for identifying, evaluating, monitoring and measuring the significant risks to which the Group is exposed. The Committee also approves all new policies and reviews such policies annually to ensure that they remain appropriate and prudent. The Committee is comprised of three (3) Non-Executive Directors of the parent company together with the Group CEO.

Board credit and investment committee

This Committee is comprised of three (3) Non-Executive Directors of the parent company together with the Group CEO. The Committee is responsible for the review and approval of all credits over limits delegated to management throughout the Group. The Committee also reviews the amount, nature, risk characteristics and concentration of the Group's credit portfolio and ensures appropriate responses to changing conditions.

Risk management unit

A centralised Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Group Compliance and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Group in the three key areas of credit risk, market risk and operational risk. Each business unit has decentralised units which are responsible for the independent control of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These decentralised units also ensure the risks are completely captured in the risk measurement and reporting systems.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.1 Risk Management (continued)

Group asset/liability committee (ALCO)

The Group ALCO has a mandate which includes the recommendation of policies covering investments, liquidity and market risk to the parent Board, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

Mark to market committee

The Group has established a Mark to Market Committee which is responsible for the review and validation of the policies and procedures applied in the valuation of financial assets and liabilities. The Committee also approves the mark to market valuation of financial assets and liabilities on a quarterly basis.

Internal audit

Risk management processes throughout the Group are audited by the internal audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the parent Board Audit Committee and subsidiary Boards Audit Committees.

Risk measurement and reporting systems

The Group's risks are measured using methods which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information which consists of several reports is presented and explained to the Board of Directors, the Board Committees, the Asset/Liability Committees, and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.1 Risk Management (continued)

Risk mitigation (continued)

The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group. The effectiveness of hedges is assessed by the Group Market Risk and Group Finance units (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the Group Market Risk Unit monthly.

The Group actively uses collateral to reduce its credit risks.

34.2 Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group's liquidity management process is carried out by the Treasury department of each business unit and monitored by the Unit ALCO and Group ALCO. 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. 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.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.2 Liquidity Risk (continued)

34.2.1 Non-derivative Cash Flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2008				
Liabilities				
Due to Banks	1,343,400	239,494	11,805	1,594,699
Customers' deposits	30,544,345	1,773,992	82,347	32,400,684
Other funding instruments	5,778,730	2,171,153	33,847	7,983,730
Other borrowed funds	523,028	1,789,239	129,123	2,441,390
Debt securities in issue	6,862	772,044	200,000	978,906
Other liabilities	304,582	--	7,614	312,196
Total Liabilities (contractual maturity dates)	38,500,947	6,745,922	464,736	45,711,605
As at 31 March 2007				
Liabilities				
Due to Banks	919,795	241,950	6,999	1,168,744
Customers' deposits	27,064,981	1,594,422	5,972	28,665,375
Other funding instruments	7,423,467	337,776	34,660	7,795,903
Other borrowed funds	265,704	1,271,876	683,595	2,221,175
Debt securities in issue	419,476	--	568,926	988,402
Other liabilities	277,785	--	154,296	432,081
Total Liabilities (contractual maturity dates)	36,371,208	3,446,024	1,454,448	41,271,680

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.2 Liquidity Risk (continued)

34.2.2 Derivative Cash Flows

The table below analyses the Group's derivative financial instruments that will be settled on (a) a net basis and (b) a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2008				
a) Derivatives settled on a net basis				
- Foreign exchange derivatives	--	--	--	--
- Interest rate derivatives	--	--	--	--
	--	--	--	--
b) Derivatives settled on a gross basis				
Foreign exchange derivatives				
- Outflow	(567,520)	(827,198)	(1,161,751)	(2,556,468)
- Inflow	616,034	904,804	929,975	2,450,813
Interest rate derivatives				
- Outflow	(13,508)	(18,536)	(2,337)	(34,381)
- Inflow	19,357	29,359	7,287	56,003
Total outflow	(581,028)	(845,733)	(1,164,088)	(2,590,849)
Total inflow	635,391	934,163	937,262	2,506,816

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.2 Liquidity Risk (continued)

34.2.2 Derivative Cash Flows (continued)

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2007				
a) Derivatives settled on a net basis				
- Foreign exchange derivatives	--	--	--	--
- Interest rate derivatives	--	--	--	--
	--	--	--	--
b) Derivatives settled on a gross basis				
Foreign exchange derivatives				
- Outflow	(476,012)	(1,143,595)	(1,261,445)	(2,881,052)
- Inflow	484,314	1,234,868	1,171,809	2,890,991
Interest rate derivatives				
- Outflow	(10,265)	(21,424)	(2,549)	(34,238)
- Inflow	16,229	36,550	8,221	61,000
Total outflow	(486,277)	(1,165,019)	(1,263,994)	(2,915,290)
Total inflow	500,543	1,271,418	1,180,030	2,951,991

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.2 Liquidity Risk (continued)

34.2.3 Contingent Liabilities and Commitments

The table below summarizes the Group's contingent liabilities and commitments based on contractual maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at 31 March 2008				
Guarantees, acceptances, indemnities and letters of credit	1,750,562	49,069	53,177	1,852,808
Credit commitments	1,502,094	807,824	176,874	2,486,792
Operating lease commitments	80,493	232,755	368,116	681,364
Capital commitments	88,925	--	--	88,925
	3,422,074	1,089,648	598,167	5,109,889
As at 31 March 2007				
Guarantees, acceptances, indemnities and letters of credit	1,824,122	176,419	86,786	2,087,327
Credit commitments	1,560,782	1,082,847	133,484	2,777,113
Operating lease commitments	51,524	188,879	47,697	288,100
Capital commitments	272,974	--	--	272,974
	3,709,402	1,448,145	267,967	5,425,514

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are measured separately by the Group Market Risk department who submits reports to the Group Asset/Liability Committee on a regular basis. Additionally, on a quarterly basis, the Mark to Market Committee reviews and approves the valuation of all investment securities, derivatives and trading liabilities.

Trading portfolios include those portfolios arising from market-making transactions where the Group acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale.

34.3.1 Market risk measurement techniques

The major measurement technique used by the Group to measure and control market risk is stress testing.

The Group applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Group Market Risk consist of risk sensitivity analyses by applying possible stress events such as changes to interest rates and foreign currency rates on the Group's positions. The impact of the stress test is measured to calculate the effect on net interest income. The test does not measure the impact on fair values.

34.3.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the level of mismatch of interest rate repricing that may be taken, which is monitored by the Treasurers and Asset/Liability Committees of group companies.

Sensitivity analyses were conducted to determine the effect on net profit and other components of equity arising from a reasonable change in interest rates with all other variables held constant.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Market Risk (continued)

34.3.2 Interest rate risk (continued)

	Effect on Net Profit 2008 $'000	Effect on Other Components of Equity 2008 $'000	Effect on Net Profit 2007 $'000	Effect on Other Components Equity 2007 $'000
Trinidad and Tobago, Eastern Caribbean, Dutch Caribbean, Suriname and Other				
Change in interest rate				
+ 1%	17,470	(202,375)	55,405	(132,639)
- 1%	(8,038)	209,646	(48,807)	148,016
Jamaica				
Change in interest rate				
+ 2%	13,254	(54,410)	15,121	(26,223)
- 2%	3,832	32,499	(790)	51,100

Interest Sensitivity of Assets and Liabilities to Repricing Risk

The table below summarises the Group's exposure to interest rate repricing risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Market Risk (continued)

34.3.2 Interest rate risk (continued)

Interest Sensitivity of Assets and Liabilities to Repricing Risk

The table below summarises the Group's exposure to interest rate repricing risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at 31 March 2008					
Assets					
Cash on hand and due from banks	4,354,115	--	--	2,072,475	6,426,590
Balances with central banks	335,163	--	--	2,622,756	2,957,919
Loans and advances to customers	16,820,312	3,759,441	4,076,130	164,935	24,820,818
Investment securities	7,708,981	1,970,737	4,711,537	981,190	15,372,445
Derivative financial instruments	1,633,275	--	--	--	1,633,275
Other assets	1,271	--	--	165,473	166,744
Total financial assets	30,853,117	5,730,178	8,787,667	6,006,829	51,377,791
Liabilities					
Due to banks	962,066	17,629	4,830	610,174	1,594,699
Customers' deposits	25,997,603	1,830,927	6,153	4,566,001	32,400,684
Other funding instruments	7,524,645	314,484	33,796	110,805	7,983,730
Other borrowed funds	1,240,174	1,181,965	--	19,251	2,441,390
Debt securities in issue	147,690	--	824,509	6,707	978,906
Derivative financial instruments	1,503,726	--	--	--	1,503,726
Other liabilities	1,888	--	--	310,308	312,196
Total financial liabilities	37,377,792	3,345,005	869,288	5,623,246	47,215,331
Interest Sensitivity Gap	(6,524,675)	2,385,173	7,918,379	--	

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Market Risk (continued)

34.3.2 Interest rate risk (continued)

Interest Sensitivity of Assets and Liabilities to Repricing Risk (continued)

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at 31 March 2007					
Assets					
Cash on hand and due from banks	4,011,219	--	--	1,696,604	5,707,823
Balances with central banks	147,507	--	--	1,978,435	2,125,942
Loans and advances to customers	14,886,117	3,611,261	3,546,061	150,126	22,193,565
Investment securities	9,020,095	1,429,380	3,285,433	832,781	14,567,689
Derivative financial instruments	1,611,188	--	--	--	1,611,188
Other assets	4,174	--	--	139,828	144,002
Total financial assets	29,680,300	5,040,641	6,831,494	4,797,774	46,350,209
Liabilities					
Due to banks	602,612	57,562	--	508,570	1,168,744
Customers' deposits	23,389,641	1,684,203	407	3,591,124	28,665,375
Other funding instruments	7,322,832	377,031	--	96,040	7,795,903
Other borrowed funds	1,237,477	336,283	624,620	22,795	2,221,175
Debt securities in issue	412,384	--	568,922	7,096	988,402
Derivative financial instruments	1,492,997	--	--	--	1,492,997
Other liabilities	41,596	--	--	390,485	432,081
Total financial liabilities	34,499,539	2,455,079	1,193,949	4,616,110	42,764,677
Interest Sensitivity Gap	(4,819,239)	2,585,562	5,637,545	--	

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Market Risk (continued)

34.3.3 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as available-for-sale securities with fair value movements recognised in shareholders' equity.

The Group's exposure to equity price risk is principally related to changes in the fair value of the Guardian Holdings Limited shares held as available-for-sale securities. The effect on equity as a result of reasonable possible changes in the price of this share, with all other variables held constant are as follows:

	Change in Price		Effect on Equity	
	2008	**2007**	**2008**	**2007**
	(%)	**(%)**	**($ Millions)**	**($ Millions)**
Guardian Holdings Limited shares	+15	+15	104	82
	-15	-15	-104	-82

34.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

34.4.1 Concentrations of currency risk – on and off-balance sheet financial instruments

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. Currency exposure resides mainly in trading activity. The table overleaf summarises the Group's exposure to foreign currency exchange rate risk as at 31 March.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.4 Currency risk (continued)

34.4.1 Concentrations of currency risk – on and off-balance sheet financial instruments (continued)

	TT ($'000)	US ($'000)	Eastern Caribbean ($'000)	Netherlands Antilles Florins ($'000)	JMD ($'000)	Other ($'000)	Total ($'000)
As at 31 March 2008							
Assets							
Cash on hand and due from banks	528,190	3,435,740	204,146	305,181	218,184	1,735,149	6,426,590
Balances with central banks	1,671,399	139,045	153,347	646,473	165,317	182,338	2,957,919
Loans and advances to customers	8,276,815	5,965,559	2,076,178	5,078,091	1,463,496	1,960,679	24,820,818
Investment securities	4,729,714	6,696,328	166,780	498,333	1,970,354	1,310,936	15,372,445
Derivative financial instruments	--	1,626,657	--	--	--	6,618	1,633,275
Other assets	58,120	36,630	7,836	10,684	22,146	31,328	166,744
Total financial assets	15,264,238	17,899,959	2,608,287	6,538,762	3,839,497	5,227,048	51,377,791
Liabilities							
Due to banks	24,049	1,010,122	46,993	160,364	41,458	311,713	1,594,699
Customers' deposits	9,237,894	9,441,827	2,469,799	5,604,270	1,884,609	3,762,285	32,400,684
Other funding nstruments	2,101,898	3,888,513	2,104	--	1,256,733	734,482	7,983,730
Other borrowed funds	--	2,368,538	--	--	72,852	--	2,441,390
Debt securities in issue	206,440	772,466	--	--	--	--	978,906
Derivative financial instruments	1,129,183	31,984	--	--	--	342,559	1,503,726
Other liabilities	45,613	38,856	37,400	104,515	37,727	48,085	312,196
Total financial liabilities	12,745,077	17,552,306	2,556,296	5,869,149	3,293,379	5,199,124	47,215,331
Net Balance Sheet Position	2,519,161	347,653	51,991	669,613	546,118	27,924	4,162,460
Credit Commitments	383,094	1,326,121	232,631	279,621	152,462	112,863	2,486,792
As at 31 March 2007							
Total financial assets	13,461,220	16,943,018	2,086,585	5,724,054	4,247,834	3,887,498	46,350,209
Total financial liabilities	12,076,527	15,435,485	2,361,100	5,349,651	3,689,221	3,852,693	42,764,677
Net Balance Sheet Position	1,384,693	1,507,533	(274,515)	374,403	558,613	34,805	3,585,532
Credit Commitments	439,286	1,625,587	139,724	146,620	103,076	322,820	2,777,113

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.4 Currency risk (continued)

34.4.2 Foreign currency exchange risk

Analysis was conducted to determine the sensitivity to reasonable possible movements of select currencies against the Trinidad and Tobago dollar (TT dollar) to which the Group had significant exposure at 31 March in respect of its assets and liabilities holding all other variables constant. The results revealed that as at 31 March 2008, if the TT dollar had weakened 1% against the US dollar currency, Eastern Caribbean dollar and Antillean Guilders and 5% against the Jamaican dollar with all other variables held constant, profit before tax for the year would have been $38 million (2007 – $44 million) higher and other components of equity would have been $15 million (2007 – $11 million) higher. The lower foreign currency exchange rate sensitivity in profit in 2008 compared to 2007 is attributable to the decline in net US dollar holdings in monetary assets in 2008.

34.5 Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral reviews. Counterparty limits for Corporate and Commercial counterparties are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. For the retail portfolio the Group has stringent lending criteria which include conservative debt service coverage, loan to value ratios and stability of earnings. These exposures are continuously monitored to identify any change in the credit worthiness of the borrower. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

34.5.1 Credit risk management

a) Loans and advances to customers

The Group measures the credit risk of loan and advances to Corporate and Commercial customers and to banks at the counterparty level using an internal risk rating matrix. The ratings are generated by combining weighted financial and statistical criteria with credit officer judgment which is mapped against established internal benchmarks at the time credit is granted. The Group risk rating is seven tiered as shown below and reflects the perceived counterparty risk. This means that, in principle, exposures migrate between levels as the assessment of their riskiness changes. The risk weightings and internal benchmarks are consistently reviewed and upgraded as necessary.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.1 Credit risk management (continued)

a) Loans and advances to customers (continued)

Group's rating	Description of the grade	Credit quality
1	Excellent	High grade
2	Very Good	High grade
3	Good	Standard grade
4	Special Mention	Substandard grade
5	Unacceptable	Past due or impaired
6	Bad and Doubtful	Past due or impaired
7	Virtual Certain Loss	Past due or impaired

b) Debt securities and other bills

For debt securities and other bills, external ratings such as Standard & Poor's rating or their equivalents are used by the Group Risk Management Unit for managing credit risk exposures.

34.5.2 Risk limit control and mitigation policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its periodic review of loan accounts in arrears.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.2 Risk limit control and mitigation policies (continued)

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

34.5.3 Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment (see Note 2.e). Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for banking regulation purposes.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	Gross maximum exposure 2008 ($'000)	Gross maximum exposure 2007 ($'000)
Credit risk exposures relating to on-balance sheet financial assets are as follows:		
Due from banks	4,815,594	4,444,358
Loans and advances to customers	25,672,180	23,144,996
Securities at fair value through profit or loss	2,080,056	1,530,504
Securities available-for-sale at fair value	10,987,165	11,303,383
Securities held-to-maturity at amortised cost	1,377,254	1,020,662
Derivative financial instruments	1,633,275	1,611,188
	46,565,524	43,055,091
Credit risk exposures relating to off-balance sheet financial assets are as follows:		
Contingent liabilities (letter of credit and financial guarantees)	1,852,808	2,087,327
Credit commitments	2,486,792	2,777,113
	4,339,600	4,864,440
Total credit risk exposure	50,905,124	47,919,531

The above table represents a worst-case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancement attached.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.5 Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down the Group's main credit exposure of loans and advances as categorised by industry sectors of counterparties.

	Gross maximum exposure 2008 ($'000)	Gross maximum exposure 2007 ($'000)
Consumer	10,126,305	8,636,366
Manufacturing	1,354,815	1,444,996
Distribution	3,486,694	2,987,171
Financial services	963,939	770,943
Transport	715,070	891,327
Construction	1,411,398	1,214,156
Petroleum	174,390	246,349
Agriculture	115,937	164,292
Real estate	2,784,719	2,524,792
Tourism	1,497,485	1,080,601
Professional services	611,014	459,653
Utilities	347,019	729,552
Health services	291,423	87,247
Government	504,254	462,501
Other	1,287,718	1,445,050
	25,672,180	23,144,996

34.5.6 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as at March 31, 2008 was $3,410,048,000 (2007: $2,819,016,000) before taking account of collateral or other credit enhancements.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.7 Credit quality by class of financial assets

	Neither past due nor impaired ($'000)	Past due but not impaired ($'000)	Impaired ($'000)	Total ($'000)
As at 31 March 2008				
Due from banks:	4,815,594	--	--	4,815,594
Loans and advances to customers:				
Retail	4,292,725	380,161	167,641	4,840,527
Commercial/Corporate	12,954,061	1,240,226	275,171	14,469,458
Mortgages	4,656,369	359,525	56,192	5,072,086
Other	1,191,207	69,512	29,390	1,290,109
Loans and advances (Gross)	23,094,362	2,049,424	528,394	25,672,180
Investment securities:				
Trading:				
Government	440,693	--	1,573	442,266
Corporate	1,186,397	--	--	1,186,397
Other	451,393	--	--	451,393
Available-for-sale:				
Government	6,655,552	--	29,544	6,685,096
Corporate	1,930,434	190,325	11,249	2,132,008
Other	2,170,061	--	--	2,170,061
Held-to-maturity:				
Government	626,888	--	--	626,888
Corporate	623,215	--	--	623,215
Other	127,151	--	--	127,151
Investment securities (Gross)	14,211,784	190,325	42,366	14,444,475
Derivative financial instruments:				
Government	988,580	--	--	988,580
Corporate	644,695	--	--	644,695
	1,633,275	--	--	1,633,275
Total	43,755,015	2,239,749	570,760	46,565,524

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.3 Credit Risk (continued)

34.5.7 Credit quality by class of financial assets (continued)

	Neither past due nor impaired ($'000)	Past due but not impaired ($'000)	Impaired ($'000)	Total ($'000)
As at 31 March 2007				
Due from banks:	4,444,358	--	--	4,444,358
Loans and advances to customers:				
Retail	4,364,741	393,995	147,939	4,906,675
Commercial/Corporate	10,636,403	1,155,053	409,012	12,200,468
Mortgages	4,149,772	394,580	48,437	4,592,789
Other	1,349,585	39,190	56,289	1,445,064
Loans and advances (Gross)	20,500,501	1,982,818	661,677	23,144,996
Investment securities:				
Trading:				
Government	127,025	70,841	1,552	199,418
Corporate	719,385	80,221	--	799,606
Other	531,480	--	--	531,480
Available-for-sale:				
Government	7,303,217	62	30,145	7,333,424
Corporate	1,999,638	291,273	34,580	2,325,491
Other	1,644,468	--	--	1,644,468
Held-to-maturity:				
Government	383,007	--	--	383,007
Corporate	636,090	--	--	636,090
Other	1,565	--	--	1,565
Investment securities (Gross)	13,345,875	442,397	66,277	13,854,549
Derivative financial instruments:				
Government	1,165,544	--	--	1,165,544
Corporate	445,644	--	--	445,644
	1,611,188	--	--	1,611,188
Total	39,901,922	2,425,215	727,954	43,055,091

For those exposures that are neither past due nor impaired the majority are rated between standard (good) to excellent which is high grade.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.8 Aging analysis of past due but not impaired financial assets by sector

	Less than 1 mth ($'000)	1-3 mths ($'000)	3-6 mths ($'000)	More than 6 mths ($'000)	Total ($'000)
As at 31 March 2008					
Loans and advances to customers:					
Retail	214,753	80,107	67,054	18,247	380,161
Commercial/Corporate	474,715	520,022	197,856	47,633	1,240,226
Mortgages	165,269	82,387	109,496	2,373	359,525
Other	9,767	5,849	1,969	51,927	69,512
	864,504	688,365	376,375	120,180	2,049,424
Investment securities:					
Available-for-sale:					
Corporate	--	--	190,325	--	190,325
	--	--	190,325	--	190,325
As at 31 March 2007					
Loans and advances to customers:					
Retail	188,724	68,688	120,620	15,963	393,995
Commercial/Corporate	462,210	544,011	35,245	113,587	1,155,053
Mortgages	73,744	94,651	225,523	662	394,580
Other	7,799	3,533	1,786	26,072	39,190
	732,477	710,883	383,174	156,284	1,982,818
Investment securities:					
Trading:					
Government	70,841	--	--	--	70,841
Corporate	--	--	80,221	--	80,221
Available-for-sale:					
Government	--	62	--	--	62
Corporate	--	--	291,273	--	291,273
	70,841	62	371,494	--	442,397

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.9 Credit risk exposure on due from banks, debt securities and other bills and derivative financial instruments based on the Group's internal corporate rating system

The table below presents an analysis of debt securities, treasury bills and other eligible bills by internal and equivalent rating agency designation.

	Standard & Poor's Equivalent grades	2008 Total ($'000)	2007 Total ($'000)
Excellent			
AA	BB+	5,386,030	4,867,656
Very Good			
A+	BB	1,065,431	1,082,094
A	BB-		
Good			
A-	B+	13,930,871	13,511,292
B+	B		
Special mention			
B	B-	488,792	427,131
C+	CCC+		
Unacceptable			
C	CCC	10,999	10,865
D+	CCC-		
Bad and doubtful			
D	CC+	11,221	11,057
E+	CC		
Virtual certain loss			
E	CC-	--	--
		20,893,344	19,910,095

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.5 Credit Risk (continued)

34.5.10 Carrying amount per class of financial assets whose terms have been renegotiated

	2008 ($'000)	2007 ($'000)
Investment securities:		
Securities at fair value through profit or loss including trading:		
Government	--	--
Corporate	--	189,916
Other	--	--
Securities available-for-sale:		
Government	10,589	9,776
Corporate	--	--
Other	--	--
Securities held-to-maturity:		
Government	--	--
Corporate	--	--
Other	--	--
Total renegotiated investment securities	10,589	199,692
Loans and advances to customers:		
Retail	19,413	11,547
Commercial / Corporate	139,362	301,091
Mortgages	11,436	2,572
Other	196	--
Total renegotiated loans and advances to customers	170,407	315,210

34.5.11 Repossessed collateral

Repossessed collateral are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

34 Financial Risk Management (continued)

34.6 Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the Group's management, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the various territories in which the Group operates. The required information is filed with the authorities on a monthly or quarterly basis as prescribed by the regulator.

The table below summarises the regulatory qualifying capital ratios of the individual licensed entities within the Group.

	2008	2007
RBTT Bank Limited	12%	12%
RBTT Merchant Bank Limited	22%	21%
RBTT Trust Limited	98%	147%
RBTT Bank Caribbean Limited	18%	19%
RBTT Bank (SKN) Limited	23%	28%
RBTT Bank Grenada Limited	14%	14%
RBTT Bank N.V.	146%	155%
RBTT Bank International N.V.	22%	21%
RBTT Bank Aruba N.V.	12%	11%
RBTT Bank (Suriname) N.V.	12%	13%
RBTT Bank Jamaica Limited	15%	16%
RBTT Securities Jamaica Limited	114%	149%

The licensed banking entities in Trinidad and Tobago, the Eastern Caribbean, Barbados and Jamaica are required to maintain a qualifying capital ratio (total regulatory capital to risk-weighted assets) of at least 8%. The banking entities in the Netherlands Antilles and Aruba are required to maintain a minimum capital of 5 million guilders and in Suriname 4.5 million Suriname dollars.

The securities company in Jamaica is subject to capital requirements issued by the Financial Services Commission in Jamaica as a licensed securities dealer. The Commission requires the company to hold a minimum level of regulatory capital of 6% of total assets and as well to maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

During the two years, the entities have complied with all of the externally imposed capital requirements to which they are subject.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

35 Segmental Information

By Geographic Segment

Trinidad and Tobago is the home country of the parent company and several other primary operating subsidiaries.
The Group's exposures to credit risk are mainly concentrated in Trinidad and Tobago, Jamaica, the Netherlands Antilles, Aruba, Barbados and Grenada. The Group accounts for a significant share of credit exposure to many sectors of these economies. However, credit risk is well spread over a diversity of personal and commercial customers.
The Group's operations are managed principally along four geographic regions within the Caribbean basin:

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

	Trinidad & Tobago ($'000)	Eastern Caribbean & Suriname ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2008						
Total income	2,819,296	757,923	1,011,617	849,732	(437,241)	5,001,327
Operating profit	789,791	182,964	208,033	108,405	--	1,289,193
Share of profits of associate companies and joint venture before tax	20,325	--	335	--	(591)	20,069
Profit before taxation	810,116	182,964	208,368	108,405	(591)	1,309,262
Taxation	(225,810)	(45,363)	(61,532)	(38,040)	178	(370,567)
Profit after taxation	584,306	137,601	146,836	70,365	(413)	938,695
Minority interest	--	(7,556)	--	(413)	413	(7,556)
Profit attributable to shareholders	584,306	130,045	146,836	69,952	--	931,139
Loans and advances	10,686,205	5,268,917	7,402,669	2,884,529	(1,421,502)	24,820,818
Investment securities	10,095,929	1,322,176	2,798,943	2,500,977	(1,345,580)	15,372,445
Total assets	30,370,658	8,301,374	12,661,700	6,650,057	(4,456,575)	53,527,214
Customers' deposits	13,320,762	6,291,983	10,550,626	2,900,742	(663,429)	32,400,684
Total liabilities	25,933,316	7,725,389	11,939,268	6,055,498	(3,211,884)	48,441,587

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

35 Segmental Information (continued)

By Geographic Segment (continued)

	Trinidad & Tobago ($'000)	Eastern Caribbean & Suriname ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2008 (continued)						
Other segment items:						
Capital expenditure on premises and equipment	186,083	32,291	64,587	22,767	--	305,728
Depreciation expense	69,732	15,489	29,268	19,292	--	133,781
Impairment (charge)/credit						
- Loans and advances to customers	(368)	(7,064)	(19,526)	(8,117)	--	(35,075)
- Investment securities	3,176	5,506	--	--	--	8,682
Impairment charge –						
Loans and advances to customers						
- Impairments	(6,299)	(9,653)	(26,110)	(10,154)	--	(52,216)
- Recoveries on previously recognised impairment	5,931	2,589	6,584	2,037	--	17,141
	(368)	(7,064)	(19,526)	(8,117)	--	(35,075)
Impairment credit						
- Investment securities						
- Impairment credit	3,176	5,506	--	--	--	8,682

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

35 Segmental Information

By Geographic Segment (continued)

	Trinidad & Tobago ($'000)	Eastern Caribbean & Suriname ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2007						
Total income	2,640,984	695,048	892,530	801,432	(475,948)	4,554,046
Operating profit	752,527	143,598	178,033	94,639	(4,871)	1,163,926
Share of profits of associate companies and joint venture before tax	16,892	--	--	--	--	16,892
Profit before taxation	769,419	143,598	178,033	94,639	(4,871)	1,180,818
Taxation	(158,558)	(22,102)	(40,433)	(26,936)	1,218	(246,811)
Profit after taxation	610,861	121,496	137,600	67,703	(3,653)	934,007
Minority interest	--	(2,828)	--	--	--	(2,828)
Profit attributable to shareholders	610,861	118,668	137,600	67,703	(3,653)	931,179
Loans and advances	10,481,530	4,445,671	6,321,945	2,369,705	(1,425,286)	22,193,565
Investment securities	9,052,396	1,470,112	2,715,111	2,814,406	(1,484,336)	14,567,689
Total assets	28,538,312	7,301,633	11,083,772	5,998,246	(4,616,625)	48,305,338
Customers' deposits	11,832,512	5,457,135	9,291,405	2,509,726	(425,403)	28,665,375
Total liabilities	24,616,664	6,811,441	10,478,204	5,459,043	(3,490,649)	43,874,703

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

35 Segmental Information (continued)

By Geographic Segment (continued)

	Trinidad & Tobago ($'000)	Eastern Caribbean & Suriname ($'000)	Dutch Caribbean ($'000)	Jamaica ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2007 (continued)						
Other segment items:						
Capital expenditure on premises and equipment	169,451	42,754	48,567	37,370	--	298,142
Depreciation expense	65,212	13,802	28,061	17,493	--	124,568
Impairment (charge)/credit						
- Loans and advances to customers	(11,186)	(13,957)	(16,599)	(7,004)	--	(48,746)
- Investment securities	24,694	(5,346)	(521)	--	--	18,827
Impairment charge						
Loans and advances to customers						
- Impairments	12,598	15,601	22,486	9,012	--	59,697
- Recoveries on previously recognised impairment	(1,412)	(1,644)	(5,887)	(2,008)	--	(10,951)
	11,186	13,957	16,599	7,004	--	48,746
Impairment credit/(charge)						
Investment securities						
- Impairment credit/(charge)	24,694	(5,346)	(521)	--	--	18,827

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

35 Segmental Information

By Business Lines

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

	Retail & Commercial Banking ($'000)	Investment Banking ($'000)	Trust & Asset Management ($'000)	Other ($'000)	Intercompany Eliminations ($'000)	Total ($'000)
As at and for the year ended 31 March 2008						
Total income	4,220,552	566,358	617,066	34,592	(437,241)	5,001,327
Profit before taxation	878,802	283,771	207,601	(60,321)	(591)	1,309,262
Total assets	43,001,065	7,715,518	4,910,666	2,356,540	(4,456,575)	53,527,214
Total liabilities	39,728,068	6,227,964	4,446,698	1,250,741	(3,211,884)	48,441,587
Capital expenditure on premises and equipment	303,355	1,150	1,223	--	--	305,728
As at and for the year ended 31 March 2007						
Total income	4,001,552	539,002	434,073	55,367	(475,948)	4,554,046
Profit before taxation	743,172	288,259	176,554	(22,296)	(4,871)	1,180,818
Total assets	40,265,069	7,746,873	2,645,885	2,264,136	(4,616,625)	48,305,338
Total liabilities	37,231,880	6,410,802	2,386,830	1,335,840	(3,490,649)	43,874,703
Capital expenditure on premises and equipment	294,105	1,690	2,347	--	--	298,142

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

36 Fair Value of Financial Assets and Liabilities

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 impairment. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received.

Investment securities held-to-maturity

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

	Carrying Value ($'000)	Fair Value ($'000)
Balance at 31 March 2008	1,377,254	1,364,313
Balance at 31 March 2007	1,020,662	915,327

Liabilities

Due to banks, customers' deposits, other funding instruments and other borrowed funds

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

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

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.

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

36 Fair Value of Financial Assets and Liabilities (continued)

Liabilities

Due to banks, customers' deposits, other funding instruments and other borrowed funds

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

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

Debt securities in issue

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

	Carrying Value ($'000)	Fair Value ($'000)
Balance at 31 March 2008	972,199	856,995
Balance at 31 March 2007	981,306	1,011,520

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

37 Subsidiaries

	Country of Incorporation	Percentage of equity capital held
RBTT Bank Limited	Republic of Trinidad and Tobago	100%
RBTT Merchant Bank Limited	Republic of Trinidad and Tobago	100%
RBTT Trust Limited	Republic of Trinidad and Tobago	100%
RBTT Services Limited	Republic of Trinidad and Tobago	100%
RBTT Insurance Holdings Limited	Republic of Trinidad and Tobago	100%
RBTT Insurance Agency Limited	Republic of Trinidad and Tobago	100%
RBTT Overseas Limited	St. Lucia	100%
RBTT Bank (Suriname) N.V.	Republic of Suriname	100%
RBTT Albion Limited	Republic of Trinidad and Tobago	100%
R&M Holdings Limited	St Vincent and the Grenadines	100%
RBTT Bank Caribbean Limited	St. Vincent and the Grenadines	100%
RBTT Bank (SKN) Limited	St. Kitts & Nevis	95.4%
RBTT Bank Grenada Limited	Grenada	62%
ABC Holdings N.V.	Netherlands Antilles	100%
ABC International N.V.	Aruba	100%
RBTT Bank N.V.	Netherlands Antilles	100%
RBTT Bank International N.V.	Netherlands Antilles	100%
RBTT Bank Aruba N.V.	Aruba	100%
RBTT International Limited	St. Lucia	100%
RBTT Bank Jamaica Limited	Jamaica	100%
RBTT Securities Jamaica Limited	Jamaica	100%
West Indies Stockbrokers Limited	Republic of Trinidad and Tobago	100%
RBTT Finance Limited	British Virgin Islands	100%
RBTT Finance (BVI) Limited	British Virgin Islands	100%
RBTT Trust Corporation	Barbados	100%
RBTT Bank Barbados Limited	Barbados	100%

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

38 Restatements and Re-classifications

Adjustments and re-classifications to prior year figures have been made to correct errors and to represent balances in conformity with the current year's reporting.

The effect of these changes to the 2007 balance sheet and income statement is summarised in the table below.

RBTT Albion Limited, a wholly owned subsidiary of RBTT Financial Holdings Limited, was consolidated in the prior year based on unaudited financial statements. Adjustments were made to the prior year figures to reconcile to the audited financial statements.

	Notes	As previously stated ($'000)	Re-Classification ($'000)	RBTT Albion Limited Adjustments ($'000)	Other Adjustments ($'000)	Revised balance ($'000)
BALANCE SHEET						
Assets						
Cash on hand and due from banks		6,047,968	(322,895)	(17,250)	--	5,707,823
Balances with central banks		2,125,942	--	--	--	2,125,942
Loans and advances to customers		22,170,586	22,979	--	--	22,193,565
Investment securities	1	14,198,933	329,296	(2,033)	41,493	14,567,689
Investment in associate companies and joint venture		142,613	--	--	--	142,613
Due from associate companies		10,875	--	--	--	10,875
Derivative financial instruments	1	413,068	--	--	1,198,120	1,611,188
Goodwill		--	450,145	--	--	450,145
Premises and equipment	2	1,136,487	(26,872)	(254)	(8,027)	1,101,334
Deferred tax assets		40,204	--	550	--	40,754
Other assets		350,190	(3,498)	6,718	--	353,410
Total assets		47,087,011	(990)	(12,269)	1,231,586	48,305,338
Liabilities						
Due to banks		1,171,934	--	(3,190)	--	1,168,744
Customers' deposits		28,665,375	--	--	--	28,665,375
Other funding instruments		7,796,405	--	(502)	--	7,795,903
Other borrowed funds		2,221,175	--	--	--	2,221,175
Debt securities in issue		988,402	--	--	--	988,402
Derivative financial instruments	1	253,384	--	--	1,239,613	1,492,997
Post retirement benefit obligations		--	126,670	--	--	126,670
Provision for taxation	3	249,128	--	880	(829)	249,179
Deferred tax liabilities	4	196,644	(275)	--	17,032	213,401
Other liabilities	5	885,130	--	10,417	57,310	952,857
Total liabilities		42,554,247	(275)	7,605	1,313,126	43,874,703

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

38 Restatements and Re-classifications (continued)

	Notes	As previously stated ($'000)	Re-Classification ($'000)	RBTT Albion Limited Adjustments ($'000)	Other Adjustments ($'000)	Revised balance ($'000)
BALANCE SHEET						
Shareholders' Equity						
Share capital		876,524	--	--	--	876,524
Statutory reserves		476,504	--	--	(478)	476,026
Other reserves	2	125,236	(715)	(1,652)	(13,110)	109,759
Retained earnings	6	3,015,834	--	(18,222)	(67,952)	2,929,660
Total Shareholders' Equity		4,494,098	(715)	(19,874)	(81,540)	4,391,969
Minority interest		38,666	--	--	--	38,666
Total Equity		4,532,764	(715)	(19,874)	(81,540)	4,430,635
Total Equity and Liabilities		47,087,011	(990)	(12,269)	1,231,586	48,305,338
INCOME STATEMENT						
Interest income		3,374,345	2,879	(2,882)	--	3,374,342
Interest expense		(1,526,656)	--	(1,083)	--	(1,527,739)
Net Interest Income		1,847,689	2,879	(3,965)	--	1,846,603
Other income		1,209,095	(13,163)	(104)	(16,124)	1,179,704
Net Income		3,056,784	(10,284)	(4,069)	(16,124)	3,026,307
Operating expenses		(1,842,341)	10,284	(664)	259	(1,832,462)
Impairment losses on loans and advances		(48,746)	--	--	--	(48,746)
Impairment credit on investment securities		18,827	--	--	--	18,827
Total Non-Interest Expenses		(1,872,260)	10,284	(664)	259	(1,862,381)
Operating Profit		1,184,524	--	(4,733)	(15,865)	1,163,926
Share of profits of associate companies and joint venture before tax		16,892	--	--	--	16,892
Profit before taxation		1,201,416	--	(4,733)	(15,865)	1,180,818
Taxation		(250,522)	--	(878)	4,589	(246,811)
Profit After Taxation		950,894	--	(5,611)	(11,276)	934,007

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

38 Restatements and Re-classifications (continued)

	Notes	As previously stated ($'000)	Re-Classification ($'000)	RBTT Albion Limited Adjustments ($'000)	Other Adjustments ($'000)	Revised balance ($'000)
INCOME STATEMENT						
Attributable to:						
Shareholders of the company		948,066	--	(5,611)	(11,276)	931,179
Minority interest		2,828	--	--	--	2,828
		950,894	--	(5,611)	(11,276)	934,007

Description of restatements other than for RBTT Albion Limited

1. The currency swap derivatives valuation was amended to exclude certain cash flows that were incorrectly included in previous years and reclassify to investments an amount previously recorded as a derivative;
2. Adjustments for reversal of property revaluation reserve;
3. Adjustment to current tax expense due to changes in profit for prior years;
4. Adjustment to deferred taxation due to correction in the deductions claimed for general loan loss provision in prior years;
5. Adjustment to correct the recognition of loan origination fees in prior years;
6. This adjustment comprises of the following:

	($'000)
- Adjustment for reversal of property revaluation reserve	4,661
- Adjustment to correct the recognition of loan origination fee	(57,278)
- Adjustment to correct tax expense	(4,059)
Net adjustment to retained earnings at 1 April 2006	(56,676)
- Adjustment for reversal of revaluation reserve	259
- Adjustment to correct the recognition of loan origination fees	(16,124)
- Adjustment to current tax expense	4,883
- Adjustment to correct deferred taxation for prior years	(294)
Net adjustment to income statement for 2007	(11,276)
Net adjustments to retained earnings as at 31 March 2007	(67,952)

Summary of changes to shareholders' equity

Reclassifications	(715)
RBTT Albion	(19,874)
Other adjustments	(81,540)
Total	(102,129)

Notes to the Consolidated Financial Statements (continued)

Expressed in Trinidad and Tobago Dollars, year ended 31 March 2008

38 Restatements and Re-classifications (continued)

Reconciliation of prior year adjustments to the statement of changes in shareholders' equity

	Total Statutory Reserves ($'000)	Other Reserves ($'000)	Retained Earnings ($'000)	Shareholders' Equity ($'000)
Adjustments to opening shareholders equity as at 1 April 2006	--	(14,046)	(69,764)	(83,810)
Adjustments during the year ended 31 March 2007	(478)	(1,431)	(16,410)	(18,319)
Total charge to equity	(478)	(15,477)	(86,174)	(102,129)