RBTT Financial Holdings Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 March 2002

EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS

1 Incorporation And Business Activities of the Group

RBTT Financial Holdings Limited, the ultimate 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, The Royal Bank of Trinidad and Tobago Limited. The latter entity was incorporated on 26 July 1971, however its history in the region dates back to the days of the Union Bank of Halifax which was incorporated in Nova Scotia, Canada in 1856 and opened a branch in Port of Spain in 1902. The subsidiaries and associated companies of RBTT Financial Holdings Limited offer a complete range of banking and financial intermediation services to customers in Trinidad and Tobago and the Caribbean Basin.

The Group through its subsidiary and affiliated companies, Guardian Insurance Limited, RGM Limited and West Indies Stockbrokers Limited, is engaged in the provision of specialised life and general insurance services, property development and stockbroking business.

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

2 Significant Accounting Policies

Basis of preparation

The consolidated financial statements are prepared in Trinidad and Tobago dollars and in accordance with International Accounting Standards. These financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and liabilities held for trading and the valuation of certain freehold and leasehold properties.

During the year, the Group adopted IAS 39 Financial Instruments: Recognition and Measurement. The financial effects of adopting IAS 39 are reported in the statement of changes in shareholders' equity. Further information is disclosed in the accounting policy for investment securities.

IAS 39 has been applied prospectively in accordance with the requirements of this standard and therefore comparative financial information has not been restated.

Principles of consolidation
Subsidiary companies, being those companies in which the Group has an interest of more than 50% of the voting rights and is able to exercise control over the operations, have been fully consolidated. All intercompany transactions and balances between group companies have been eliminated. Separate disclosure is made of minority interests. Where necessary, the accounting policies used by the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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

A listing of the Group's principal associated undertakings is shown in Note 6.2.

Foreign currencies
Income statements of foreign entities are translated into Trinidad and Tobago dollars at average exchange rates for the year and their balance sheets are translated at the exchange rates nuling on 31 March. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries and associated companies are taken to shareholders' equity.

Foreign currency transactions in Group companies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, Such balances are translated at year end exchange rates.

Investments

Trading account

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

All purchases and sales of trading securities that require dehvery within the time frame estahlished by regulation or market convention are recognised at settlement date.

Investment account

At 1 April 2001, the Group adopted IAS 39 and classified its investment securities into the following two categories. held-to-maturity and available-for-sale assets. Investment securities with fixed matunty where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

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

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

Prior to adoption of IAS 39, all investment securities were carried at cost or amortised cost, less any provision for impairment.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income.

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

Sale and repurchase agreements
Securities sold under sale and repurchase agreements ('repos') are retained in the financial statements as trading securities 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 repo agreements.

Loans and advances and allowance for losses
Loans and advances are stated at principal outstanding net of unearned interest. The accrual of interest ceases when principal or interest is past due 90 days or when, in the opinion of management, full collection is unlikely.

The allowance for losses is based on continuous appraisal of advances. Specific provisions are made against advances when, in the opinion of management, credit risk or economic factors make recovery doubtful. The allowance also covers general provisions as required by the regulators, for losses where there is evidence of probable losses within the portfolio that have not been specifically identified as non-productive. Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking risks reserve as an appropriation of retained earnings.

The provision which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the profit and loss account. When a loan is uncollectable, it is written off against the related provision for losses; subsequent recoveries are credited to the loan loss expense in the profit and loss account.

Derivative financial instruments

Derivative financial instruments including price change and interest rate swaps, equity and commodity options (both written and purchased) and other derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and options 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 risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value.

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

Acceptances, guarantees, indemnities and letters of credit

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

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/associated company at the date of acquisition. Goodwill on acquisitions is reported in the balance sheet and is amortised using the straight-line method over its estimated useful life.

Goodwill arising on major strategic acquisitions of the Group to expand its product or geographical market coverage is amortised over a maximum period of 20 years.

Negative goodwill arising on acquisition is recognised in accordance with the underlying economic reasons which give rise to the negative goodwill. Amounts related to expected future losses or expenses are recognised in the income statement in the period when those losses or expenses occur. Amounts related to depreciable non-monetary assets are recognised as income over the average useful life of the non-monetary assets.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

Premises and equipment
Freehold and leasehold land and buildings are stated at cost (or professional valuation in the case of certain land and buildings) less depreciation. All other fixed assets are stated at cost.

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

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

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

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

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

Accounting for leases - where a group company is the lessee
Leases entered into by the Group are all operating leases. Payments made under operating leases are charged to the profit and loss account in accordance with the terms of the lease.

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

of the obligation can be made.

Cash resources
Cash resources comprise cash and balances with central banks and amounts due from non-affiliated banks.

Retirement benefits

(i) Pension Obligations

The Group operates a number of defined contribution and defined benefit plans, the assets of which are generally held in separate tru5tee-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 by certain overseas 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 income statement in the year to which they relate.

(ii) Equity Compensation Benefits

Share options are granted to directors and to employees. No compensation cost is recognised as the options are granted at the market price on the date of the grant and are exercised at that price. When options are exercised, the proceeds received net of any transaction costs are credited to share capital account.

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

The principal temporary differences arise from depreciation on premises and equipment, revaluation of certain financial assets and liabilities, and tax losses carried forward, Deferred tax assets relating to the carryforward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Administered funds
The balance sheet does not include assets under administration on behalf of clients. Assets under administration as at 31 March 2002, totalled $9.8 Billion (2001 - $8.9 Billion).

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.

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

Reserve requirements
Under the provisions of the Financial Institutions Act, 1993, RBTT Bank Limited (formerly The Royal Bank of Trinidad and Tobago Limited), RBTT Merchant Bank Limited (formerly Royal Merchant Bank and Finance Company Limited) and RBTT Trust Limited (formerly Royal Bank Trust Company (Trinidad) Limited) are required to maintain with the Central Bank of Trinidad and Tobago, cash reserve balances which bear a ratio to the total deposit liabilities held.

In accordance with Article 33 of the Eastern Caribbean Central Bank (ECCB) Agreement 1983, RBTT Bank Caribbean Limited (formerly Caribbean Banking Corporation Limited) and its subsidiaries, RBTT Bank Grenada Limited (formerly Grenada Bank of Commerce Limited) and RBTT Bank (SKN) Limited (formerly Caribbean Banking Corporation (SKN) Limited), are required to maintain reserves against deposits and other similar liabilities through cash holdings or by deposits held with the ECCB.

The B-9 arrangement of the Central Bank of Aruba requires RBTT Bank Aruba N.V. (formerly First National Bank of Aruba N.V) to maintain a reserve equivalent to seven percent of their short term deposits (maturity less than two years) in an earmarked (interest-bearing) account with the Central Bank of Aruba.

Under the provisions of the Monetary Circular 98/02, RBTT Bank St. Maarten N.V. (formerly Antilles Banking Corporation (St. Maarten) N.V.) and RBTT Bank Antilles N.V. (formerly Antilles Banking Corporation (Curacao) N.V) are required to maintain with the Central Bank of the Netherland Antilles, cash reserve balances which bear a ratio to the total deposit liabilities held.

Section 14(l) of the Banking Act of Jamaica 1992 requires RBTT Bank Jamaica Limited (formerly Union Bank of Jamaica Limited) to maintain with the Central Bank of Jamaica, non-interest bearing cash reserve balances which bear a ratio to total deposit liabilities held.

In accordance with the Fund Reserve Regulations of the Central Bank of Suriname, RBTT Bank (Suriname) N.V. is required to maintain with the Central Bank of Suriname, cash reserve balances which bear a ratio to third party deposits (excluding interbank funding) denominated in Suriname Guilders.

3 Cash Resources

	2002 ($'000)	**2001 ($'000)**
Cash on hand	638,107	217,814
Due from banks	2,777,329	1,304,276
Statutory deposits with Central Banks	1,515,236	1,237,383
	4,930,672	2,759,473

4 Loans And Advances

Performing loans and advances	9,294,603	6,507,342
Non-performing loans and advances	725,679	428,187
	10,020,282	6,935,529
Unearned interest	(261,491)	(262,632)
	9,758,791	6,672,897
Interest receivable	84,714	58,290
Allowance for losses	(404,542)	(198,359)
	9,438,963	6,532,828
Loans pledged for the benefit of investors in other funding instruments	774,512	1,079,400

4.1 Sectoral analysis

Consumer	2,824,473	1,976,690
Manufacturing	567,986	461,950
Distribution	679,163	628,485
Financial services	506,914	98,478
Transport	233,310	210,200
Construction	293,520	239,497
Petroleum	39,735	24,356

Agriculture	63,432	45,752
Residential mortgages	1,600,524	1,027,062
Commercial mortgages	1,413,015	1,233,532
Hospitality	358,851	139,645
Professional services	659,461	200,474
Utilities	267,181	49,419
Other	512,717	599,989
	10,020,282	6,935,529

4.2 Allowance for loan losses

Balance at beginning of year	198,359	164,860
Amounts written off	(79,632)	(11,514)
Charges against profit for the year	108,443	31,565
Transferred upon acquisition of loan portfolio of overseas subsidiary	183,161	9,411
General provision transferred (to)/from:		
general banking risks reserve	(4,037)	-
Retained earnings	-	4,037
Currency translation differences	(1,752)	-
Balance at end of year	404,542	198,359

4.3 Loan loss expense

Charge for the year	108,443	31,565
Amounts directly written off	6,775	5,063
Recoveries	(5,330)	(1,994)
	109,888	34,634

5 Investments

	2002 ($'000)	**2001 ($'000)**
Trading Account		
Government debt securities	-	73,700
Corporate debt securities	181,208	139,564
	181,208	213,264

Investment Account

Securities held-for-sale at fair value (2001: at amortised cost)

Treasury bills and Treasury notes	948,732	609,510
Government and state owned enterprises securities	1,857,713	3,047,766
Corporate securities	2,759,927	1,864,879
Other debt securities	154,510	121,129
Equity securities	16,907	1,623
	5,737,789	5,644,907

Securities held-to-maturily at amortised cost

Government and state owned enterprises securities	3,087,424	302,640
Corporate securities	250,040	537,270
Other debt securities	428,088	173,150
	3,765,552	1,013,060
	9,684,549	6,871,231
Provision for impairment	(43,823)	-
	9,640,726	6,871,231
Investments securities pledged for the benefit of investors in other funding instruments	3,407,855	3,764,292

6 Investment In Associated Companies And Joint Ventures

Associated companies	244,768	256,506
Joint venture	73,187	53,944
	317,955	310,450

6.1 Movement in equity interest in associated companies and joint ventures

At beginning of year	310,450	113,136
Acquisitions	13,536	225,472
Disposals	(251)	(47,359)
Net share of current year's profits and reserves	28,003	26,270
Dividends	(5,685)	(5,571)
Change in investment	(28,098)	(1,498)
At end of year	317,955	310,450

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6.2 Associated companies and joint venture at 31 March 2002

Associated companies	Percentage of equity capital held
Development Finance Limited	31.1%
Infolink Services Limited	25.0%
Park Court Limited	20.0%
Guardian Insurance Limited	20.0%
RGM Limited	33.3%

The associated companies and joint venture are incorporated in the Republic of Trinidad and Tobago.

7 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, commodity price or index. The Group utilises the following derivative instruments:

Total return swaps

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

Equity and commodity options

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

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, 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 fair values of derivative financial instruments held are set out in the following table.

	Contract/Notional Amount ($'000)	Fair Values Assets ($'000)	Liabilities ($'000)
Swaps			
Total return swaps	164,071	-	-
Options			
Equity options	79,377	772	(772)
Commodity options	95,086	11,404	(11,404)
		12,176	(12,176)
		12,176	(12,176)

Credit risk

Credit risk from derivative transactions is generated by the potential for 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 Agreement" with its counterparties and where applicable supplements its position with collateral.

	2002 ($'000)	2001 ($'000)
8 Customers' Liability Under Acceptances, Guarantees and Letters of Credit		
Bankers' acceptances	1,048,309	1,097,495
Other customers' liability	558,613	505,822
	1,606,922	1,603,317

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Sectoral analysis		
Personal sector	162,808	112,080
Private sector	1,169,095	1,078,763
State sector	170,042	187,057
Other	104,977	225,417
	1,606,922	1,603,317
	==========	==========

9 Goodwill

Goodwill	448,727	161,835
Negative Goodwill	(153,712)	-
	295,015	161,835
	==========	==========
Balance at beginning of year	161,835	152,794
Acquisitions (Note 37)	272,055	8,050
Hindsight adjustments	27,930	6,153
Amortisation charge	(15,253)	(5,163)
Translation adjustment	2,160	1
Balance at end of year	448,727	161,835
	==========	==========
Cost	489,163	187,018
Accumulated amortisation	(40,436)	(25,183)
Balance at end of year	448,727	161,835
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Negative Goodwill

Amount arising on acquisition (Note 37)	(203,564)
Transferred to income	20,541
Reversal of deferred tax asset	29,079
Translation adjustment	232
Balance at end of year	(153,712)
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10 Premises And Equipment

Capital

	Freehold Properties ($'000)	Leasehold Properties ($'000)	Leasehold Improvements ($'000)	Equipment ($'000)	Work in Progress ($'000)	Total ($'000)
Year ended 31 March 2002						
Opening net book value	213,924	17,958	19,762	250,986	51,433	554,063
Translation adjustment	(208)	-	12	82	(178)	(292)
Adjusted opening net book value	213,716	17,958	19,774	251,068	51,255	553,771
Additions upon acquisition of subsidiaries	134,752	-	91,815	84,377	-	228,944
Additions	4,086	6	895	35,775	63,493	(104,255)
Disposals	(4,181)	-	-	(5,982)	-	10,163
Transfers	13,952	108	9,081	43,466	(66,607)	-
Depreciation charge	(5,595)	(355)	(5,425)	(79,779)	-	(91,154)
Closing net book value	356,730	17,717	34,140	328,925	48,141	785,653
At 31 March 2002						
Cost or revaluation	398,135	20,227	66,071	683,190	48,141	1,215,764
Accumulated depreciation	(41,405)	(2,510)	(31,931)	(354,265)	-	(430,111)
Net book value	356,730	17,717	34,140	328,925	48,141	785,653
At 31 March 2001						
Cost or revaluation	239,620	20,113	44,726	506,995	51,433	862,887
Accumulated depreciation	(25,696)	(2,155)	(24,964)	(256,009)	-	(308,824)
Net book value	213,924	17,958	19,762	250,986	51,433	554,063

Included in fixed assets are equipment leased by Group companies to third parties under operating leases:

	2002 ($'000)	2001 ($'000)
Cost	26,210	25,429
Accumulated depreciation	10,469	8,883

Net book value	15,741	16,546
Depreciation charge for the year	2,110	3,987

11 Receivables and Prepayments

Investment income receivable	291,372	113,900
Corporation tax recoverable	3,616	3,413
Other taxes recoverable	100,377	3,148
Other	234,621	143,276
	629,986	263,737

12 Deferred Taxation

The following amounts are shown in the consolidated balance sheet:

Deferred tax assets	81,116	9,046
Deferred tax liabilities	(75,696)	(31,101)
	5,420	(22,055)

The movement on the deferred tax account is as follows:

At beginning of year	(22,055)	(3,404)
Effect of difference in exchange rate	(103)	-
Acquisition of subsidiary	-	(38)
Profit and loss account credit/(charge) (Note 25)	8,788	(18,613)
Effect of adopting IAS 39	(8,040)	-
Available-for-sale fair value gains	(53,892)	-
Realised investment gains	7,065	-
Recognition of tax losses	74,931	-
Other	(1,274)	-
At end of year	5,420	(22,055)

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

Deferred tax assets

Accelerated tax depreciation	206	10
Tax losses carry forward	80,642	5,774
Other	268	3,262
	81,116	9,046

Deferred tax liabilities		
Accelerated tax depreciation	11,861	8,667
Zero coupon instruments	6,142	22,434
Available-for-sale securities	54,867	-
Other	2,826	-
	75,696	31,101
Net deferred tax asset/(liability)	5,420	(22,055)

13 Customers' Deposits

Deposit balances	15,779,219	9,511,674
Accrued interest	151,510	120,650
	15,930,729	9,632,324
Sectoral analysis		
Consumers	9,469,952	6,050,290
Private sector	4,164,795	2,522,739
State sector	994,227	571,428
Other	1,150,245	367,217
	15,779,219	9,511,674

14 Other Funding Instruments

Other funding instruments	5,602,357	5,003,757
Accrued interest	103,095	57,469
	5,705,452	5,061,226
Sectoral analysis		
Consumers	1,338,440	804,010
Private sector	3,360,244	3,214,095
State sector	871,766	978,168
Other	31,907	7,484
	5,602,357	5,003,757

15 Other Borrowed Funds

	2002 ($'000)	2001 ($'000)
BEIRL Facility	4,762	6,261

IFC Facility	124,510	-
Caribbean Development Bank Line of Credit	9,333	9,372
Barclays Bank PLC - Loan 1	31,273	81,624
- Loan 2	435,105	-
Other	50,381	-
	655,364	97,257

World Bank Business Expansion and Industrial Restructuring (BEIRL) Facility
In accordance with an agreement dated 12 October 1993, with the Central Bank of Trinidad and Tobago, the Group was designated a Participating Financial Intermediary (PFI) for the above credit facility. The interest rate charged by the Central Bank is based on the average 6-month deposit rate of commercial banks. The current effective rate is 8.25% (2001 - 8.29%).

International Finance Corporation Facility
In accordance with an agreement dated 16 November 2001 with the International Finance Corporation (IFC), the Group was granted a credit facility for the amount of US$20 million. The facility is a ten (10) year loan with a moratorium on principal payments for the first two (2) years. Interest payments are made semi-annually with a current effective rate of 3.872%. Principal payments will commence in March 2004 with 16 semi-annual payments of US$1.25 million.

Caribbean Development Bank Line of Credit
In accordance with an agreement dated 30 December 1999 with the Caribbean Development Bank (CDB), the Group was granted a line of credit for the amount of US$1.5 million out of CDB's Ordinary Capital Resources (OCR). Interest payments are made semi-annually and are based on the CDB's required return for OCR. The current rate of interest as at March 2002 is 5.75% (March 2001 - 7.50%).

Barclays Bank PLC
Loan 1
On 17 June 1999, the Group was granted a short-term line of credit from Barclays Bank PLC. Interest payments are made semi-annually. As at 31 March 2002 the amount drawn was US$5 million at a current rate of interest of 4.03125% (amount drawn at March 2001 - US$13 million).

Loan 2
The Group was granted a credit facility of US$70 million on 27 November 2001 from Barclays

Bank PLC. US$34.5 million is repayable in 1 year at a current effective interest rate of 2.6875%. US$35.5 million is repayable in 3 years on an amortised basis with a one-year moratorium on principal and at a current effective interest rate of 3.2875%.

16 Dividends

Interim paid - 25c per share (2001: 22c per share)	85,061	74,848
Final - 35c per share (2001: 29c per share)	119,085	98,664
	204,146	173,512
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17 Minority interest	**2002 ($'000)**	**2001 ($'000)**
At beginning of year	48,874	43,103
Share of net profit of subsidiaries	8,127	7,305
Dividends	(2,675)	(1,534)
Acquisition during the year	(12,471)	-
Translation adjustment	(205)	-
investment revaluation reserve	174	-
	41,824	48,874
	========	========

18 Share Capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid		
340,243,280 (2001-340,219,580) ordinary shares of no par value	808,981	808,775
	=======	=======

In August 2001, 23,700 shares were issued pursuant to the Executive Share Option Plan.

At the Annual Meeting in 1999, the shareholders approved the establishment of a Share Option Plan for Non Executive Directors and Executive Management. During the year ended 31 March 2002, 1,135,241 options were granted.

The current status of options is as follows:

Total number of shares allocated to the Plan	10,000,000
Issued pursuant to exercise of options	(23,700)

Outstanding options	(2,045,497)
Remaining shares allocated to plan in respect of which options have not been granted	7,930,803

The options granted are exercisable at the market value of the shares on the respective dates of grant. All options expire on 31 March 2009.

19 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 Eastern Caribbean Central Bank imposes similar obligations on financial institutions operating within its regulated territory.

20 Other Reserves

Property revaluation reserve	$14,767	$12,946
Capital reserve	54,823	54,851
Translation reserve	(24,119)	1,166
investment revaluation reserve	123,800	-
General banking risks reserve	11,509	-
	180,780	68,963
Property revaluation reserve		
Balance at beginning of year	12,946	12,946
Surplus arising on revaluation of property	1,821	-
Balance at end of year	14,767	12,946
Capital reserve		
Balance at beginning of year	54,851	58,488
Amount arising on acquisition and disposal of associated companies	-	(3,637)
Other reserve movements	(28)	-
Balance at end of year	54,823	54,851
Translation reserve		
Balance at beginning of year	1,166	8,541
Currency translation differences arising during the year	(25,285)	(7,375)

Balance at end of year	(24,119)	1,166

Investment Revaluation Reserve - available-for-sale investments

On the adoption of IAS 39 at 1 April 2001, all investment securities classified as available-for-sale were remeasured to fair value. The difference between their original carrying amount and their fair value at 1 April 2001, was credited to an investment revaluation reserve account (see Consolidated statement of changes in equity). Gains and losses arising from the change in the fair value of available-for-sale investments since that date are recognised as a revaluation reserve directly in equity.

On adoption of IAS 39 at 1 April 2001:	
- available-for-sale securities measured at fair value, net of tax	114,766
Fair value gains arising during the year, net of tax	69,223
Realised gains transferred to income, net of tax	(60,189)
At end of year	123,800

General banking risks reserve

Balance at beginning of year	-
Transfer from retained earnings	7,472
Transfer from loan loss provisions	4,037
Balance at end of year	11,509

In the prior year the Board of Directors considered it prudent to transfer $4,037,000 from retained earnings to a general loan loss provision, which was presented as a part of the allowance for loan losses. However, during the current year the Directors considered this presentation to be misleading and have decided to remove the amount from the allowance for loan losses and reflect the appropriation as a separate component within equity. In their opinion this revised presentation more appropriately reflects the fact that the amount is in respect of general banking risks and is not a specific loss.

In 2002 an additional amount of $7,472,000 was transferred from retained earnings to the general banking risks reserve.

21 Net Interest Income

Interest Income

Loans and advances	951,562	809,533
Investment securities	1,368,329	710,980
Due from banks	44,756	35,642
	2,364,647	1,556,155

Interest Expense

Customers' deposits	748,490	531,867
Other funding instruments	559,961	347,318
Due to banks	52,391	9,755
	1,360,842	888,940

22 Other Income

Fee, commission and net investment trading income	561,393	394,930
Gain on sale of investment	12,412	2,158
Foreign exchange earnings	83,015	57,910
Sundry income	1,370	4,112
	658,190	459,110

23 Operating Expenses

Staff costs	530,384	334,938
Other operating expenses	452,358	294,836
	982,742	629,774

Staff costs includes:

Employees' retirement benefit expense	24,271	18,924

24 Profit Before Taxation

	2002 ($'000)	**2001 ($'000)**
Profit before taxation is arrived at after charging/crediting, the following:		
Depreciation	91,154	57,514
Deposit insurance premium (see below)	10,485	7,798
Operating lease rentals	22,684	33,300
Goodwill amortised	(5,288)	5,163
Directors' remuneration	2,336	1,429

Auditors' remuneration	2,783	2,287

Statutory regulations governinq the operations of banks and other financial institutions in Trinidad and Tobago stipulate that an annual premium be paid to the Deposit Insurance Fund of 0.2% of average deposit liabilities outstanding at the end of each quarter of the precedinq year.

25 Taxation

Current tax charges	75,568	56,684
Green fund levy	2,006	962
Prior years	3,096	(5,103)
Net deferred tax (credit)/charge (Note 12)	(8,788)	18,613
Share of tax charge of associated companies and joint venture	3,485	1,839
	75,367	72,995

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

Profit before tax	566,534	489,786
Prima facie tax calculated at a rate of 35% (2001-35%)	198,287	171,425
Effect of different tax rate in other countries	1,175	1,253
Effect of different tax rate on certain sources of income	(6,171)	(5,802)
Income exempt from tax	(112,894)	(103,377)
Expenses not deductible	11,188	8,669
Utilisation of the losses	(40,462)	(1,623)
Effect of current year tax losses	19,278	3,646
Prior years	3,096	(5,103)
Green fund levy	2,006	962
Businees levy	290	345
Other timing differences	(460)	2,600
	75,367	72,995

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

Accelerated tax depreciation	3,035	2,396
Tax losses	-	2,017

Zero coupon instruments	(16,292)	17,137
Other temporary differences	4,469	(2,937)
	(8,788)	18,613

26 Earnings Per Share

	2002 ($'000)	2001 ($'000)

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

	2002 ($'000)	2001 ($'000)
Net profit attributable to shareholders	483,040	409,486
Weighted average number of ordinary shares in issue	340,233	340,220
Basic earnings per share	$ 1.42	$ 1.20

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 Executive Management.

Weighted average number of ordinary shares for diluted earnings per share	340,435	340,222
Diluted earnings per share	$ 1.42	$ 1.20

27 Net Increase In Cash Resources

At beginning of year	2,759,473	2,001,442
At end of year	4,930,672	2,759,473
	2,171,199	758,031

28 Contingent Liabilities

Legal proceedings

As at 31 March 2002 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.

29 Credit Commitments

Sectoral analysis of credit commitments are as follows:

Residential mortgages	63,070	46,342
Commercial mortgages	63,853	61,849
Distribution	49,694	16,943
Construction	39,791	6,311
Consumer	22,780	11,632
Manufacturing	154,875	3,335
Finance and insurance	68,462	2,806
Transport	8,933	5,007
Hospitality	48,433	-
Other	82,763	10,621
	602,654	164,846
	=======	=======

30 Capital And Lease Commitments

	2002 ($'000)	2001 ($'000)

The Group has capital commitments, principally in respect of renovations to buildings of $34.9 million (2001 - $4.1 million).

Operating lease commitments are as follows:

	2002 ($'000)	2001 ($'000)
Premises		
Within one year	33,458	20,483
One to five years	116,734	81,486
	150,192	101,969
	=======	=======

31 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.

32 Currency Risk

Concentrations of Assets and Liabilities

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

The Group has the following significant currency positions:

	TT	US	EC	NAf	JMD	Other	Total
As at 31 March 2002	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Assets							
Cash resources	933,385	2,128,418	278,722	269,460	386,652	934,035	4,930,672
Loans and advances	2,731,426	2,538,817	1,398,434	2,290,491	392,337	87,458	9,438,963
Investments	3,534,870	3,171,004	140,795	77,563	2,607,124	109,370	9,640,726
Customers liabilities under acceptances, guarantees and letters of credit (per contra)	1,021,525	444,652	17,936	99,072	7,322	16,415	1,606,922
Goodwill	(93,106)	-	26,535	351,434	-	10,152	295,015
Premises and equipment	405,247	-	62,112	217,933	74,681	25,680	785,653
Other assets	496,136	117,315	33,149	30,754	350,210	13,669	1,041,233
Total Assets	9,029,483	8,400,206	1,957,683	3,336,707	3,818,326	1,196,779	27,739,184
Liabilities							
Due to banks	32,373	530,535	63,823	3,715	110,253	41,839	782,538

Customers' deposits	4,789,835	4,111,481	1,713,316	3,086,657	1,541,066	688,374	15,930,729
Due to associated companies	9,445	20,778	-	-	-	-	30,223
Other funding instruments	2,369,158	1,615,432	79,144	-	1,640,963	755	5,705,452
Other borrowed funds	4,762	600,221	-	50,381	-	-	655,364
Acceptances, guarantees and letters of credit (per contra)	1,021,525	444,652	17,936	99,072	7,322	16,415	1,606,922
Other liabilities	474,575	164,213	19,040	54,395	76,845	26,265	815,333
Total Liabilities	8,701,673	7,487,312	1,893,259	3,294,220	3,376,449	773,648	25,526,561
Net Balance Sheet Position	327,810	912,894	64,424	42,487	441,877	423,131	2,212,623
Credit Commitments	254,392	137,669	38,470	124,872	27,323	19,928	602,654
As at 31 March 2001							
Total Assets	9,298,327	6,501,324	1,860,526	1,055,229	-	350,574	19,065,980
Total Liabilities	8,399,614	5,745,146	1,806,953	980,990	-	296,475	17,229,178
Net Balance Sheet Position	898,713	756,178	53,573	74,239	-	54,099	1,836,802

Credit Commitments	47,009	63,979	35,290	18,568	-	-

164,846

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33 Interest Rate Risk

Interest Sensitivity of Assets and Liabilities

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

	Up to one year ($'000)	**One to five years ($'000)**	**Over five years ($'000)**	**Non-interest bearing ($'000)**	**Total ($'000)**
As at 31 March 2002					
Assets					
Cash resources	1,897,318	10,607	-	3,022,747	4,930,672
Loans and advances	6,312,131	1,399,773	1,248,210	478,849	9,438,963
Investments	6,309,068	1,608,089	1,717,201	6,368	9,640,726
Other assets	1,022,528	24,943	12,480	2,668,872	3,728,823
Total Assets	15,541,045	3,043,412	2,977,891	6,176,836	27,739,184
Liabilities					
Due to banks	527,836	57,518	9,968	187,216	782,538
Customers' deposits	13,670,248	532,678	6,444	1,721,359	15,930,729
Other funding instruments	5,231,164	113,991	250,652	109,645	5,705,452
Other borrowed funds	654,414	-	-	950	655,364
Other liabilities	1,131,157	772	-	1,320,549	2,452,478
Total Liabilities	21,214,819	704,959	267,064	3,339,719	25,526,561
Interest Sensitivity Gap	(5,673,774)	2,338,453	2,710,827		
As at 31 March 2001					
Assets					
Cash resources	1,277,286	22,423	-	1,459,764	2,759,473

Loans and advances	4,899,805	1,027,506	523,645	81,872	6,532,828
Investments	4,178,527	697,306	1,875,357	120,041	6,871,231
Other assets	238,725	17,195	-	2,646,528	2,902,448
Total Assets	10,594,343	1,764,430	2,399,002	4,308,205	19,065,980
Liabilities					
Due to banks	223,543	-	-	62,225	285,768
Customers' deposits	9,024,119	282,526	18,994	306,685	9,632,324
Other funding instruments	4,266,272	259,116	448,010	87,828	5,061,226
Other borrowed funds	97,257	-	-	-	97,257
Other liabilities	194,953	4,816	15,761	1,937,073	2,152,603
Total Liabilities	13,806,144	546,458	482,765	2,393,811	17,229,178
Interest Sensitivity Gap	(3,211,801)	1,217,972	1,916,237		

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

34 Liquidity Risk

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

	Up to one year ($'000)	**One to five years ($'000)**	**Over five years ($'000)**	**Total ($'000)**

As at 31 March 2002				
Assets				
Cash resources	4,428,865	10,607	491,200	4,930,672
Loans and advances	3,202,649	2,898,193	3,338,121	9,438,963
Investments	6,277,145	555,014	2,808,567	9,640,726
Other assets	2,084,113	31,110	1,613,600	3,728,823
	15,992,772	3,494,924	8,251,488	27,739,184
Liabilities				
Due to banks	574,829	197,741	9,968	782,538
Customers' deposits	15,142,727	780,089	7,913	15,930,729
Other funding instruments	5,101,506	342,825	261,121	5,705,452
Other borrowed funds	326,250	154,437	174,677	655,364
Other liabilities	2,279,093	173,352	33	2,452,478
	23,424,405	1,648,444	453,712	25,526,561
Net Liquidity Gap	(7,431,633)	1,846,480	7,797,776	2,212,623
As at 31 March 2001				
Total assets	9,620,798	2,871,079	6,574,103	19,065,980
Total liabilities	16,765,691	434,868	28,619	17,229,178
Net Liquidity Gap	(7,144,893)	2,436,211	6,545,484	1,836,802

35 Credit Risk

Geographical Concentrations of Assets and Liabilities

	Total Assets ($'000)	Total Liabilities ($'000)	Credit Commitments ($'000)	Operating Profit ($'000)	Capital Expenditure ($'000)
As at 31 March 2002					
Trinidad and Tobago	13,112,294	11,423,663	294,707	306,484	68,274
Dutch Speaking Caribbean Territories	7,069,668	6,553,037	144,800	21,953	15,881
Jamaica	4,309,504	4,060,541	125,540	98,580	6,761
Other Caribbean Territories	3,247,718	3,489,320	37,607	98,525	13,339
	27,739,184	25,526,561	602,654	525,542	104,255
As at 31 March 2001					
Trinidad and Tobago	13,309,585	11,995,995	110,988	344,963	96,881

Dutch Speaking Caribbean Territories	1,863,210	1,606,239	18,568	38,239	43,829
Other Caribbean Territories	3,893,185	3,626,944	35,290	78,715	4,886
	$19,06S,980	17,229,178	164,846	461,917	145,596

The Group operates throwqhout the Caribbean with the predominant activity being retail and corporate banking services. The Group's exposures to credit risk are mainly concentrated in Trinidad and Tobago, Jamaica and the Dutch Speaking Caribbean Territories.

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.

36 Fair Value of Financial Assets and Liabilities

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

Assets

Cash resources

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

Loans and advances

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

Investment securities held to maturity

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

	Carrying Value ($'000)	Fair Value ($'000)

Balance at 31 March 2002	3,765,552	3,760,011
	=========	=========

The difference between the carrying value and fair value is not considered to be permanent and hence was not taken into account.

Liabilities

Due to banks, customers' deposits and other funding instruments

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

Other borrowed funds

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

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 Securities 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 & Navis	94%
RBTT Bank Grenada Limited	Grenada	62%
ABC Holdings NY	Curacao	100%
RBTT Bank St. Maarten N.V	St. Maarten	100%
RBTT Bank Antilles N.V	Curacao	100%
RBTT Bank Aruba N.V	Aruba	100%

RBTT International Limited	St. Lucia	100%
RBTT Bank Jamaica Limited	Jamaica	100%
West Indies Stockbrokers Limited	Republic of Trinidad and Tobago	71%

During the year the Group made the following equity investments in subsidiary companies.

On September 15, 2001 the Group acquired the remaining 33% shareholding interest from the minority shareholders of RBTT Bank St. Maarten N.V (formally Antilles Banking Corporation (St. Maarten) N.V). This increased the Group's shareholding interest to 100%.

In November 2001 the Group completed the acquisition of the operations of the ABN AMRO Bank in Aruba and the Netherlands Antilles (Curacao, Bonaire, St. Maarten).

The goodwill arising on these transactions is as follows:

RBTT Bank St. Maarten N.V.	**TT($'000)**
Cash paid	47,138
Minority interest acquired	12,471
Goodwill	34,667

ABN AMRO

Cash paid	271,358
Net assets acquired	33,970
Goodwill	237,388
Total Goodwill	272,055

The details of the assets and liabilities acquired from ABN AMRO are as follows:

Cash resources	1,903,613
Loans and advances	1,762,142
Investments	82,619
Premises and equipment	137,254
Other assets	17,991
	3,903,619

	===========
Customers' deposits	(3,607,401)
Due to banks	(167,256)
Other liabilities	(94,992)
	(3,869,649)
Net assets acquired	33,970
	===========

In January 2002 the Group injected additional capital of $4,857,500 in RBTT Securities Limited (formerly Roytrim Securities Limited). This injection of capital increased the company's share capital to $5,000,000.

RBTT Bank Jamaica Limited (formerly Union Bank of Jamaica Limited) which was acquired in March 2001 was subsequently consolidated in the current year ended March 31, 2002. Goodwill was determined by reference to values of the acquired assets and liabilities and computed as follows:

Cash paid	208,028
Net asset acquired	411,592
Goodwill	(203,564)
	===========

The details of the net assets and liabilities acquired are as follows:

Cash resources	438,458
Loans and advances	162,317
Investments	3,331,216
Premises and equipment	91,690
Other assets	395,435
	4,419,116
Customers' deposits	(2,246,697)
Other funding instruments	(843,381)
Due to banks	(125,304)
Other liabilities	(792,142)
	(4,007,524)
	===========
Net assets on acquisition	411,592
Goodwill	(203,564)

Purchase consideration	208,028
	===========

The negative goodwill arising on acquisition is recognised in accordance with the underlying economic reasons which give rise to the negative goodwill. A major part of the negative goodwill results from the expectation of future losses or expenses identified by management during the acquisition in relation to asset write-offs and post acquisition merger costs. This component of the negative goodwill will be recognised as income in the periods when these losses or expenses occur. Another component of the negative goodwill equivalent to fair values of non-monetary assets (i.e.premises and equipment and deferred tax assets) acquired, is recognised as income over the remaining useful life of the non-monetary assets. The remaining amount of negative goodwill which exceeds the fair values of the non-monetary assets acquired has been recognised as income immediately. Details of the amounts are shown in note 9.