ANNUAL REPORT 2006

THE HOME MORTGAGE BANK

MISSION STATEMENT

The Home Mortgage Bank was created through legislation and enacted by the Parliament of the Republic of Trinidad and Tobago by way of the Home Mortgage Bank Act, Chap. 79:08.

The purposes of the Bank are as follows:

- To develop a mortgage market and maintain a secondary mortgage market in Trinidad and Tobago;
- To contribute to the mobilisation of long-term savings for investment in housing;
- To support the development of a system of real property and housing finance and provide leadership in the housing and home finance industry;
- To promote the growth of the capital market.

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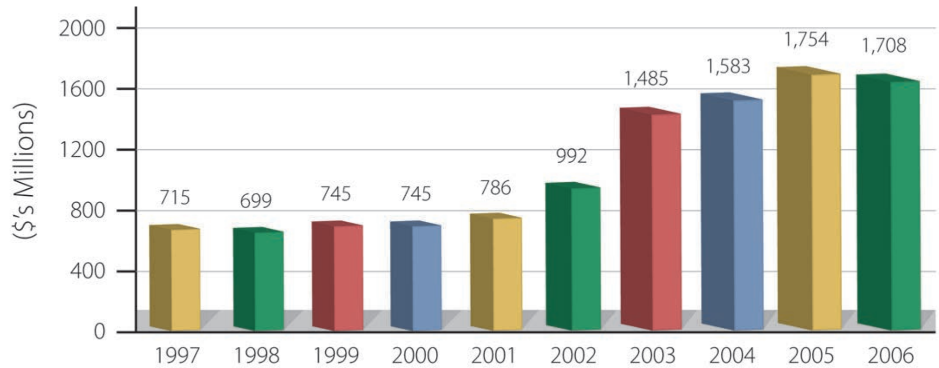
FIVE YEAR REVIEW

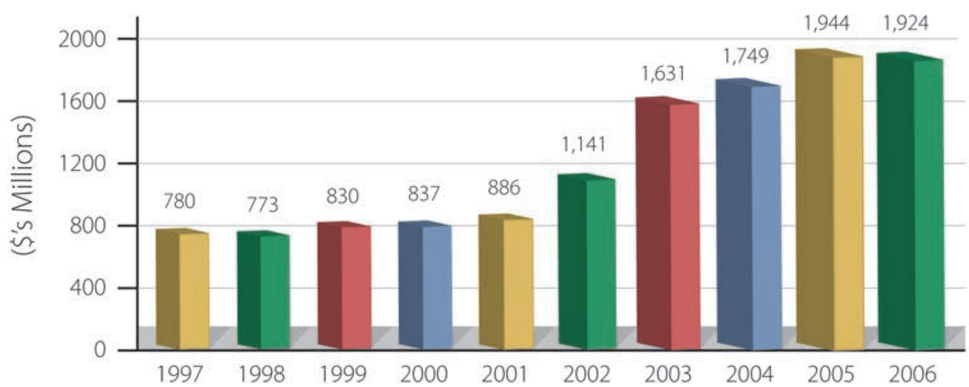
December 31st	2006 $'000	2005 $'000	2004 $'000	2003 $'000	2002 $'000
Balance Sheet					
Retained Mortgage Portfolio	857,351	746,799	802,322	881,498	684,407
Construction Loan Advances	84,444	31,650	25,486	28,939	24,230
Investment Securities	394,781	306,475	480,899	260,000	67,000
Total Assets	1,924,470	1,944,428	1,748,960	1,630,643	1,140,747
Bonds in Issue	1,708,129	1,754,495	1,583,054	1,484,584	992,205
Total Liabilities	1,745,410	1,790,949	1,616,755	1,516,056	1,042,082
Share Capital	16,000	16,000	16,000	16,000	16,000
Retained Earnings	151,399	126,882	106,891	90,069	76,040
Income Statement					
Income	165,556	154,481	143,159	111,468	101,043
Profit before Taxation	38,842	34,933	30,341	24,013	17,399
Net Income	37,581	33,274	29,618	23,122	16,733
Operating Expenses	16,305	12,239	11,913	8,549	9,500
Earnings Per Share	$2.34	$2.08	$1.85	$1.45	$1.05

TEN YEAR
REVIEW

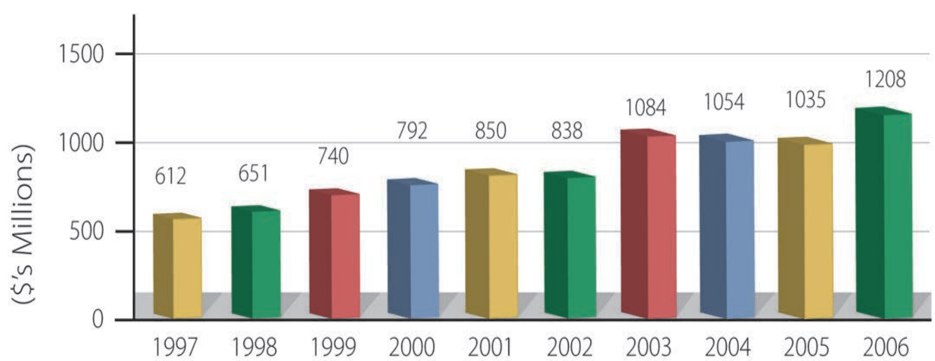
TOTAL BONDS IN ISSUE



TOTAL ASSETS



MORTGAGE PORTFOLIO SERVICED



CHAIRMAN'S REVIEW

> "Our Shareholders are enjoying not only a high return on their investment with dividends at 75%, but are also experiencing a growth in shareholder value."

The year under review 2006 has been a milestone year for The Home Mortgage Bank as it celebrated 20 years of operation. The Bank has seen its assets and profitability grow every year from inception, and at year end its gross assets were approximately $2 billion. Its gross mortgage portfolio now stands at $1.2 billion represented by 7,649 mortgagors. The Bank is well poised to service the mortgage demands with Capital and Reserves in excess of $179 million and Cash and Cash Equivalents of approximately $1 billion.

The Home Mortgage Bank had yet another year of increased profitability with profit after tax increasing by 12.9% from $33.3 million to $37.6 million. Our Shareholders are enjoying not only a high return on their investment with dividends at 75%, but are also experiencing a growth in shareholder value.

During the year under review, the banking system continued to experience high liquidity. However in the latter part of the year, as a result of increasing inflation, the Central Bank of Trinidad and Tobago intervened in the market place to absorb the surplus liquidity by the issuance of $700 million in bonds. Further actions by the Central Bank in the market place to absorb additional liquidity are expected.

With the anticipated resultant tight liquidity, interest rates are expected to increase. We are already experiencing some institutions increasing their residential mortgage rates from 8% to 8.75% on not only new business, but also on their existing portfolios. The Home Mortgage Bank however intends to maintain its rate of 8% in the foreseeable future. We expect to see an increase in mortgage activity as a result of the new mortgage interest rate regime and will continue to be the market leader in the residential mortgage market.

The Bank's strategy of sourcing its funding through fixed rate medium and long term bonds will pay dividends as the Bank is in a strong cash position with a substantial amount of its bonds in issue maturing in five years and beyond. This will help to soften any increases in its funding cost within the next few years. The Bank has traditionally existed on small spreads between its borrowing and lending cost, while at the same time has managed to be very profitable. It is expected that this trend will continue in the future.

In recent years we have seen a substantial increase in property prices. This increase has not only occurred in prime residential areas but also in all parts of Trinidad and Tobago. We observed that in several residential areas property prices are beyond the reach of the average citizen. This is as a result of the high energy prices, construction boom and the annual growth in the economy for the past 14 years. Accompanying this, there has been an increase in rental prices of properties due to the high level of expatriate workers in the country. This has also fuelled speculation in the property market, driving house prices even higher. We must bear in mind that this is not sustainable and may create an oversupply of housing at certain levels and a downturn in property prices. It may also have an impact on property prices at the lower levels. We are very conscious of this and the effect it may have on pools of mortgages being offered for sale to The Home Mortgage Bank. We will therefore continue to place greater emphasis on reviewing these mortgages when they are being purchased.

During the year it became necessary to have additional amendments made to the Home Mortgage Bank Act, so that the Bank would be removed from under the purview of the Financial Institutions Act, 1993 but would still be regulated by the Central Bank. In the previous amendments to the Home Mortgage Bank Act, the Bank was inadvertently placed under the Financial Institutions Act, 1993. This Act is designed for commercial banks and not for an institution such as The Home Mortgage Bank. The necessary amendments have now been passed in both the Upper and Lower Houses of Parliament. The Bank will now be regulated by the Central Bank under its own legislation as was originally intended.

In July 2006 the Bank entered into a fixed price contract for the construction of twenty villas in the Plantations Development in Tobago for sale to the public. Construction has already commenced and is on schedule. We anticipate a completion date in early 2008. However, the sales thrust for these villas will start when completed model units are expected in June of this year. While the core business of the Bank will always be focused on the provision of residential mortgages, from time to time the Bank will seize opportunities as they arise to venture into ancillary investments, particularly when related to housing.

During the year Mr. Calder Hart, Chief Executive Officer of the Bank, retired after 20 years of dedicated service. Mr. Hart joined the Bank from inception and is responsible for the evolution of the Bank into the strong mortgage institution that it is today. On behalf of the Shareholders, Directors, Management and Staff of the Bank, I would like to sincerely thank him for the invaluable contribution he has made to this institution and wish him all the best in his future endeavours. We are comforted by the fact that Mr. Hart remains on the Board of Directors as a Non-executive Director and the Bank will still be able to draw on his substantial wisdom in the future.

Mr. Hart has been succeeded by Mr. Peter Johnson, the former Chief Operating Officer. Mr. Johnson has also been with the Bank from inception and has the full support of the Board of Directors. We are sure that he will be able to further build on this foundation while ensuring that the Bank remains focused and committed to the country's mortgage financing needs.

In closing, I want to thank my fellow Directors for their continued support and assistance. Our management and staff are to be commended for the effective and professional manner in which the business of The Home Mortgage Bank has been carried out.

L. André Monteil
Chairman

BOARD OF DIRECTORS

L. André Monteil
Chairman

Louis André Monteil is no stranger to serving on company boards and his repertoire is an impressive one.

He is presently a Director of several Group related companies of CL Financial Limited and Caribbean Communications Network.

In addition to holding the position of Chairman of the Bank, he is presently Chairman of several Boards including the Housing Development Corporation, the Education Facilities Limited and Deputy Chairman of Trinidad & Tobago Mortgage Finance Company Limited.

Hollis De Four
Deputy Chairman

Hollis De Four brings to The Home Mortgage Bank a wealth of financial, banking and management experience having been employed with the Central Bank for over 35 years.

He currently holds the position of Senior Manager, Corporate Services in the Central Bank of Trinidad and Tobago with responsibility for Finance & Accounting, General & Facilities Services and Security.

He was a Director of the Unit Trust Corporation during the period January 2000 - May 2004 and is an Alternate Director of the Deposit Insurance Corporation, a position he has held since 1997.

Peter Johnson
Director/CEO

Peter Johnson was recruited to the Bank in March 1987, and was appointed Chief Executive Officer in August 2006.

A Director of the Eastern Caribbean Home Mortgage Bank, he has considerable experience in the capital and mortgage markets in Trinidad & Tobago.

Cheryl F. Greaves
Director

Cheryl F. Greaves brings to the Board over 20 years experience in banking, finance and public sector development.

Mrs. Greaves is Managing Director of Republic Finance and Merchant Bank Limited and is the Deputy Chairman of the National Library and Information System Authority.

Calder Hart
Director /Former CEO

Calder Hart retired from his position as Chief Executive Officer of the Bank in July 2006, after serving the Bank for 20 years, .

He is currently the Executive Chairman of the Urban Development Corporation of Trinidad & Tobago, and Chairman of Trinidad & Tobago Mortgage Finance Company Limited, The National Insurance Board and National Insurance Properties Development Company Limited.

Walton Allison Hilton-Clarke
Director

Walton Hilton-Clarke is the First Vice President of the Caribbean Employers' Confederation and Vice Chairman of the Employers' Consultative Association of Trinidad and Tobago. He is also Director of the National Insurance Board and Trinidad and Tobago Unit Trust Corporation.

Gregory I. Thomson
Director

Gregory Thomson, a career banker with over 30 years experience in banking and finance, is the Deputy Managing Director of Republic Bank Limited.

Mr. Thomson is also a member of the Boards of Directors of Republic Finance and Merchant Bank Limited, Republic Bank (Grenada) Limited and several other Republic Bank subsidiaries.

Lucille Mair
Director/Corporate Secretary

Lucille Mair is an Attorney-at-Law and a Partner in the firm Mair and Company, specializing in company, commercial and banking law. Prior to this she was Corporate Secretary to the Board and Senior Manager at the Central Bank of Trinidad and Tobago.

Mrs. Mair was closely involved in the establishment of the Bank and has been Corporate Secretary since inception. She has vast experience in the regulation and development of the financial and securities sectors, and has worked on various projects for regional central banks.

MORTGAGE PRODUCTS

We at The Home Mortgage Bank (HMB) view homeownership as essential to the social fabric of any society, and the home as the most important asset that the majority of our citizens would own. We are focused on expanding the homeownership base in the country. HMB offers a variety of mortgage products to meet the country's growing home financing needs with products ranging from First-time Homeowner's facilities to Reverse Mortgages for the elderly.

HMB's mortgage facilities are offered at a competitive rate, currently 8%, while rates existing in the market place now start at 8.75%. The Home Mortgage Bank allows pre-payment of loans including lump sum payments without penalty, and applies a flat processing fee of only $1,000 on the origination of a loan.

The mortgage products offered by HMB include:

Home Acquisition Mortgages

The Bank's Home Acquisition facility is the standard product that is offered for the purchase of a home. HMB also offers to those eligible the Government's legislated First-time Homeowner's facility (Approved Mortgage Company Mortgages) that allows borrowing at preferential rates. This facility however has restrictions including limits on the price/value of the property.

Land Acquisition Mortgages

Apart from providing for home acquisition mortgages, the Bank also offers Land Acquisition loans to facilitate the purchase of land which would ultimately be used for the construction of a home. This facility is suited to those who wish to purchase land and build at a later date.

Construction Mortgages

HMB's construction loan facility, including Bridging Finance, is geared to assist with the construction of a home. The Bank has always offered this facility at the mortgage takeout rate as opposed to a higher bridging rate on construction which is offered by other lenders. This facility is also extended to residential developers.

Equity Mortgages

Over the years homeowners would have built up substantial equity in their homes. To assist these homeowners to access this equity, the Bank offers a facility which allows homeowners to raise funds for a number of purposes including home improvement, education expenses, medical expenses, debt consolidation and refinancing.

Reverse Mortgages

As a hybrid to equity mortgages, HMB offers a Reverse Mortgage facility whereby qualifying individuals can convert the equity in their homes into a source of income for renovations, medical expenses and supplemental income. HMB is the only mortgage institution in the region to offer this mortgage facility to individuals 62 years and over.

The Future Outlook

The Home Mortgage Bank will continue to offer the most competitive mortgage rates and terms in the mortgage market as a means of ensuring that the Bank's mandate for the provision of affordable mortgage financing to the citizens of Trinidad and Tobago is fulfilled.

INVESTMENT
PRODUCTS

The Bank has a range of Investment Products which are developed to meet the varying demands of the market place. All these securities are registered with the Securities and Exchange Commission, the Inspector of Financial Institutions/Supervisor of Insurance and the Commissioner of Co-operatives.

These products can be categorized as follows:

Tax Free Bonds

The Bank has the ability to issue up to $600 million in tax free bonds whereby the interest paid on these bonds is tax free to investors. The bonds comprise a series of short and medium term issues and are attractive to the corporate community including commercial banks and general insurance companies. The Bonds are registered with the Securities and Exchange Commission and also qualify as a suitable asset for both the Statutory Deposit and Statutory Fund of insurance companies.

Taxable Bonds

The Bank can issue an unlimited amount of taxable bonds. The interest paid on these bonds is taxable in the hands of the investors. They are generally long term in nature and pension fund plans have found them very attractive as they offer a competitive rate of return and fit the investment profile of Pension Plans. Again these bonds are all registered with the Securities and Exchange Commission and also qualify as a suitable asset for both the Statutory Deposit and Statutory Fund of Insurance Companies.

Guaranteed Mortgage Investment Certificate – GareeMICs

This programme was first introduced in 1999 as the first truly structured mortgage-backed security available in the local capital market. GareeMICs, as they are commonly called, are secured/collateralized by a specific pool of mortgages and are referred to as Collateralised Mortgage Obligations – CMOs.

These securities are structured to meet a wide array of investors' needs by offering investments with different principal repayment and interest terms. The GareeMIC programme is very flexible and can be used to satisfy varying investor needs and portfolio objectives. They provide the investing public the opportunity to diversify into mortgage-backed assets without having to commit to long term individual mortgages. These investments are registered with the Securities and Exchange Commission and approved by the Supervisor of Insurance as a suitable asset in the context of Section 46 and 186(1) of the Insurance Act, 1980.

Mortgage Participation Fund – MPF

This fund was launch in December 2001 following the successful acceptance of the GareeMIC Programme.

The MPF is a mutual fund backed by mortgages and is structured along the lines of a money market fund. Interest accrues daily and investors can access their money without penalty. Investors have the choice of reinvesting their interest or receiving the monthly income via cheque or direct deposit to their bank account. The fund is registered with the Securities and Exchange Commission. The Inspector of Financial Institutions has confirmed that the fund satisfies the requirements of the Insurance Act, 1980, as a suitable asset in which funds of insurance companies and pension fund plans may be invested.

The Future Outlook

As the Bank looks to the future, it will expand its investor base and continue to enhance its investment products.

CORPORATE INFORMATION

MANAGEMENT

Peter Johnson
Director/Chief Executive Officer

Rawle Ramlogan
Manager, Securities and Investments

Sharmila Mahase
Manager, Mortgage Operations

Laurette Kam Hong
Manager, Accounting and Administration

COMPANY SECRETARY/DIRECTOR

Lucille Mair

REGISTERED OFFICE

The Home Mortgage Bank
14th Floor, Central Bank Tower
Eric Williams Plaza, Port of Spain

AUDITORS

Ernst & Young
5 – 7 Sweet Briar Road, Port of Spain

ATTORNEYS – AT – LAW

Pollonais, Blanc, de la Bastide and Jacelon
17 – 19 Pembroke Street, Port of Spain

BANKERS

Republic Bank Limited
Independence Square, Port of Spain

TRUSTEE, REGISTRAR AND PAYING AGENTS FOR BOND ISSUES

Republic Bank Limited
Trust and Asset Management Division (Trustee)
Republic Finance and Merchant Bank Limited
(Registrar and Paying Agents)
Republic House
9 – 17 Park Street, Port of Spain

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and the Audited Consolidated Financial Statements for the year ended 31st December, 2006

FINANCIAL RESULTS

	$ 000's
Net Profit before taxation	38,842
Taxation	(1,261)
Net Profit for the year	37,581
Retained earnings at the beginning of the year	126,882
	164,463
Less :	
Transfer to mortgage risk reserve	(1,064)
Dividends – Final (2005) $0.45	(7,200)
Dividends – Interim (2006) $0.30	(4,800)
Retained earnings at the end of the year	151,399

DIVIDENDS

An interim dividend of $0.30 per share was paid on 28th July, 2006 and the Directors have declared a final dividend of $0.45 per share making a total distribution of $0.75 per share for the financial year. The final dividend has not been booked in these Financial Statements as they were declared at a Directors' meeting held on the 30th January, 2007.

DIRECTORS' INTEREST

None of the Directors holds shares in the Bank.

No Director had, during the year, or at the end of the year, any interest in any contract pertaining to the Bank's business.

AUDITORS

The auditors, Ernst & Young, retire, and being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

Lucille Mair
Company Secretary

April 16, 2007

SHAREHOLDERS

The stated capital is 16,000,000 ordinary shares to a value of $16,000,000, subscribed as follows at 31st December, 2006:

Institution	Amount $	%
Colonial Life Insurance Company (Trinidad) Limited	7,000,000	43.8
Republic Bank Limited	3,840,000	24.0
Central Bank of Trinidad and Tobago	2,400,000	15.0
The National Insurance Board	1,200,000	7.5
The Bank of Nova Scotia Trinidad and Tobago Limited	960,000	6.0
TATIL Life Assurance Limited	500,000	3.1
British American Insurance Company (Trinidad) Limited	100,000	0.6
	$16,000,000	100.0

REPORT
OF THE AUDITORS TO THE SHAREHOLDERS OF THE HOME MORTGAGE BANK

We have audited the consolidated financial statements of The Home Mortgage Bank and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31st December, 2006, 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 as set out on pages 16 to 38.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 judgment, 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31st December, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Port of Spain,

TRINIDAD:

30th January, 2007

BALANCE SHEET
AT 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)

Assets	Notes	2006 $'000	2005 $'000
Cash and short term funds	4	527,611	804,118
Investments securities	5	394,781	306,475
Interest receivable and sundry debtors		23,374	24,638
Construction loan advances	6	84,444	31,650
Retained mortgage portfolio	7	857,351	746,799
Lands for development	8	26,456	20,392
Investment in associated bank	9	7,739	7,325
Property and equipment	10	1,844	2,066
Capitalised bond issue costs	11	870	965
Total assets		1,924,470	1,944,428
Liabilities			
Taxation payable		97	343
Other liabilities	12	36,915	35,816
Bonds in issue	13	1,708,129	1,754,495
Deferred income tax liability	14	269	295
		1,745,410	1,790,949
Shareholders' equity			
Stated capital	15	16,000	16,000
Retained earnings		151,399	126,882
		167,399	142,882
Mortgage risk reserves	16	11,661	10,597
		179,060	153,479
Total liabilities and shareholders' equity		1,924,470	1,944,428

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 30th January, 2007 and signed on its behalf by:

Director

Director

STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)

	Notes	2006 $'000	2005 $'000
Income			
Mortgage interest (net)		69,277	71,766
Interest Income		94,247	82,715
Sundry Income		2,032	-
		165,556	154,481
Expenditure			
Bond expenses and other costs		115,137	108,951
General and administrative expenses	17	16,305	12,239
Write back of provision for loan losses	7	(3,864)	(568)
		127,578	120,622
Operating profit		37,978	33,859
Share of profits from associated bank		864	1,074
Net profit before taxation		38,842	34,933
Taxation	18	(1,261)	(1,659)
Net profit after taxation		37,581	33,274
Earnings per share ($)		2.34	2.08
Number of shares ('000)		16,000	16,000

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)

	Stated capital $'000	Retained earnings $'000	Mortgage risk reserves $'000	Shareholders' equity $'000
Balance at 31st December, 2004	16,000	106,891	9,314	132,205
Net profit for the year	–	33,274	–	33,274
Transfer to mortgage risk reserve	–	(1,283)	1,283	–
Dividends – Final (2004) $0.45	–	(7,200)	–	(7,200)
Dividends – Interim (2005) $0.30	–	(4,800)	–	(4,800)
Balance at 31st December, 2005	16,000	126,882	10,597	153,479
Net profit for the year	–	37,581	–	37,581
Transfer to mortgage risk reserve	–	(1,064)	1,064	–
Dividends – Final (2005) $0.45	–	(7,200)	–	(7,200)
Dividends – Interim (2006) $0.30	–	(4,800)	–	(4,800)
Balance at 31st December, 2006	16,000	151,399	11,661	179,060

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)

Cash flows from operating activities	2006 $'000	2005 $'000
Net profit before taxation	38,842	34,933
Adjustments for:		
Depreciation (net)	579	714
Bond issue costs amortised	134	132
Write-off of fixed assets	–	149
Loss/(gain) on sale of fixed assets	18	(7)
Share of profits from associated bank	(864)	(1,074)
Operating profit before working capital changes	38,709	34,847
Decrease/(increase) in interest receivable and sundry debtors	1,264	(5,066)
Increase in other liabilities	1,046	2,471
Corporation taxes paid	(1,533)	(1,426)
Taxation recovered	–	77
Net cash generated from operating activities	39,486	30,903
Cash flows from investment activities		
Net decrease/(increase) in short term funds	550	(224,550)
Sale/(purchase) of investments – available for sale	64,467	(140,131)
(Increase)/decrease in investment securities	(152,773)	314,555
Net decrease in guaranteed mortgage securities	(13,050)	(8,462)
Net increase in mortgage participation fund	82,032	51,185
Purchase of mortgages	(334,165)	(143,163)
Proceeds from repayment on mortgages	154,631	155,963
Purchase of fixed assets	(630)	(448)
Proceeds from sale of fixed assets	255	21
Development costs on land	(6,064)	(488)
Increase in construction loan advances	(52,794)	(6,164)
Net cash used in investing activities	(257,541)	(1,682)

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

	2006 $'000	2005 $'000
Cash flows from financing activities		
Proceeds from bonds issued	37,060	305,259
Redemption of bonds	(83,426)	(133,818)
Bond issue costs incurred	(39)	(108)
Dividends received from associate	450	450
Dividends paid on share capital	(12,000)	(12,000)
Net cash (used in)/generated from financing activities	(57,955)	159,783
Net (decrease)/increase in cash and cash equivalents	(276,010)	189,004
Cash and cash equivalents		
- at the beginning of the year	403,771	214,767
- at the end of the year	127,761	403,771
Represented by:		
Cash and cash equivalents	127,814	403,771
Bank overdraft	(53)	–
	127,761	403,771
Supplemental information:		
Interest received during the year	127,609	118,996
Interest paid during the year	115,316	108,488
Dividends received	450	450

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)

1. General information

The Home Mortgage Bank is incorporated in the Republic of Trinidad and Tobago under the Home Mortgage Bank Act 1985 and the subsequent amendments made to the Act through Act No. 17 of 2005 (the 'Amended Act'). Its principal activities are the trading of mortgages made by primary mortgage lenders and the issue of bonds for investment in housing.

Additional legislative changes were made during the year which included the removal of The Home Mortgage Bank from the purview of the Financial Institutions Act, 1993. The Home Mortgage Bank will be regulated by the Central Bank of Trinidad and Tobago under its own legislation. This legislative change has been passed in both the Upper and Lower Houses of Parliament and received Presidential Assent in February 2007.

The Company has two subsidiary companies, Tobago Fairways Villas Limited and Tobago Plantation House Limited. These subsidiaries are 100% owned and are incorporated in Trinidad and Tobago under the Companies Act, 1995. The principal activity of these subsidiaries is real estate development.

The registered office of the parent and its subsidiaries is located at 14th Floor, Central Bank Towers, Eric Williams Plaza, Port of Spain.

The CL Financial Group holds, through its various subsidiaries, 68.4% of the shares of The Home Mortgage Bank.

The Bank owns 20% of the Eastern Caribbean Home Mortgage Bank (ECHMB) which was formally established in August 1994, in accordance with the ECHMB Act. The principal activities of the associated bank are to buy and sell mortgage loans on residential properties in order to maintain a secondary market in mortgages.

2. Significant accounting policies

a) Basis of preparation

These financial statements are expressed in thousands of Trinidad and Tobago dollars and are prepared on a historical cost basis, except for available for sale investments that have been measured at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions. Actual results can differ from those estimates. Significant accounting judgements and estimates in applying the Group's accounting policies have been described in note 3.

2. Significant accounting policies (continued)

b) Adoption of IFRS during the year

The accounting policies used are consistent with those of the previous financial years. The Group has not applied the following IFRS and IFRIC interpretations that have become effective on or after 1st January, 2006 as these standards/interpretations do not apply to the activities of the Group.

- IFRS 6: Exploration for and Evaluation of Mineral Resources
- IFRIC 4: Determining whether an Arrangement contains a lease
- IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 7: Applying the Restatement Approach under IAS 29
- IFRIC 8: Scope of IFRS 2

The Group has not applied IFRS 7 – Financial Instruments: Disclosures, as this standard is applicable for financial periods beginning on or after 1st January, 2007. The Group expects that adoption of this standard will have no quantitative impact on its financial statements but will impact the disclosure requirements.

c) Basis of consolidation

Group

The consolidated financial statements comprise the financial statements of The Home Mortgage Bank and its subsidiaries as at 31st December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiary companies

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

2. Significant accounting policies (continued)

c) Basis of consolidation (continued)

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Associated company

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 Group's investment in the associated company is accounted for under the equity method of accounting. This investment is carried in the balance sheet at cost plus post acquisition changes in the Group's share of the associate's net assets, less any impairment in value. The statement of income reflects the share of the results of operations of the associate.

d) Revenue recognition

Income and expenditure are accounted for on the accruals basis with the exception of impaired mortgages.

Accrual of mortgage income ceases when recoverability is doubtful. In these circumstances income is recognised on a cash receipts basis.

e) Mortgages

These mortgages are primarily personal residential mortgages and are carried at principal outstanding net of adjustments for premiums and discounts on purchase. Premiums and discounts on the purchase of these mortgages are amortised over the remaining life of the related pool of mortgages using an amortisation method that in the aggregate, approximates a constant yield over the remaining life of the mortgages.

f) Guaranteed mortgage investment certificates (Gareemics) and Mortgage Participation Fund (MPF)

These represent beneficial interests in pools of mortgages held in trust by the Bank. The pools of mortgages are not assets of the Bank, except when reacquired in the event of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

2. Significant accounting policies (continued)

f) Guaranteed mortgage investment certificates (Gareemics) and Mortgage Participation Fund (MPF) (continued)

For Gareemics, the Bank guarantees the timely payment of principal and interest on the underlying mortgages, whether or not received, together with the full principal balance of any foreclosed mortgages (refer to notes 7 & 23).

For MPF, the investors earn a stated rate of return (variable) and there are no repayments of capital until investors elect to redeem their investments in part or in full. (Refer to notes 7 & 24).

g) Lands for development

Lands for development are accounted for at cost plus other direct expenses incurred in the acquisition and the development of these properties (refer to note 8).

h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided at various rates which are estimated to write off the cost of the assets over their useful lives.

The rates used are as follows:

Furniture, fixtures, office machinery and equipment	7½% to 25% on reducing balance
Motor vehicles	25% on (cost)/straight line

i) Capitalised bond issue costs

The costs incurred in the issue of bonds for investment in housing are amortised over the duration of the respective bond issues (note 11).

j) Pension benefits

The Bank operates a defined contribution pension plan which covers all of its eligible employees. The Bank's contribution expense in relation to this plan for the year amounts to $1,825,725 (2005: $323,944).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

2. Significant accounting policies (continued)

k) Taxation

Taxes are accounted for on the basis of deferred tax accounting using the liability method. The amount of taxation deferred on account of all material temporary differences is reflected in the taxation expense for the year.

Deferred tax assets related to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Under Section 5, Sub-section (1) and (2) of the ECHMB Act 1994, the associated bank is exempt from stamp duty and corporation tax.

l) Earnings per share

Earnings per share for each year are computed by relating profit after taxation accruing to shareholders to the weighted average number of shares in issue during the year.

m) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

n) Financial instruments

The Group's financial assets and financial liabilities are recognised in the balance sheet when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or where the group has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All 'regular way' purchases and sales are recognised at settlement date.

2. Significant accounting policies (continued)

o) Impairment of financial assets

Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

All non-performing and individually significant advances are individually reviewed and specific provisions made for the impaired portion based on the realisable value of the loan collateral and discounted by the original effective interest rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral.

Other loan loss requirements that exceed these amounts are dealt with in the mortgage risk reserve as an appropriation of retained earnings.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

p) Financial liabilities

Financial liabilities are recognised initially at fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

q) Investment securities

The Group classifies its investment securities into the following categories:

i) Available-for-sale.
ii) Held to maturity

i) Available-for-sale

Available-for-sale investments are securities which are intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates. These investments are initially recognised at cost. After initial recognition, available-for-sale investments are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is derecognised or until the investment is determined impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

2. Significant accounting policies (continued)

q) Investment securities (continued)

ii) Held to maturity

Held to maturity investments are financial assets with fixed or determined payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost less any provision for impairment.

3. Significant accounting judgements and estimates in applying the Group's accounting policies

Management has made the following judgements in its application of the Group's accounting policies which have the most significant effect on the amounts reported in the financial statements.

Impairment of financial assets

Management makes judgements at each balance sheet date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Valuation of investments

The Group has applied IAS 39 in its classification of investment securities which requires measurement of securities at fair value. For unquoted instruments and unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

4. Cash and short term funds	2006 $'000	2005 $'000
Cash and cash equivalents	127,814	403,771
Fixed deposits with original maturities greater than three months	399,797	400,347
	527,611	804,118

As at 31st December, 2006 the Bank had pledged fixed deposits amounting to $135.45 million to secure a loan, on a short term basis, for the CL Financial Group. These securities were released in the first quarter of 2007.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

	2006 $'000	2005 $'000
5. Investment securities		
a) Held to maturity		
Corporate bonds (at cost)	319,117	166,344
b) Available for sale		
State owned company securities (at fair value)	75,664	108,600
Other	-	31,531
	75,664	140,131
Total investment securities	394,781	306,475

Held to maturity investments earn interest at rates ranging between 7.5% to 9.0%. Available for sale investments earn interest at a rate of 6%.

6. Construction loan advances

These represent advances made through the Bank's approved lenders to mortgagors on new residential construction and/or to project developers. These advances are secured by a first mortgage over real property.

	2006 $'000	2005 $'000
Balance brought forward	31,650	25,486
New advances	396,921	145,584
Advances converted to mortgages	(344,127)	(139,420)
Balance carried forward	84,444	31,650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

7. Retained mortgage portfolio

Principal balances and unamortised discounts:

	2006 $'000	2005 $'000
Balance at the beginning of the year	1,031,434	1,045,397
Purchases	330,004	142,000
Less: Principal repayments	(154,631)	(155,963)
	1,206,807	1,031,434
Less: Provision for doubtful mortgages	(4,160)	(8,321)
Less: Guaranteed Mortgage Investment Certificates (Gareemics)	(51,412)	(64,462)
Less: Mortgage Participation Fund	(293,884)	(211,852)
Balance at the end of the year	857,351	746,799

Provision for loan losses

	2006 $'000	2005 $'000
Provision brought forward	8,321	9,484
Write offs	(297)	(595)
Net write back to income	(3,864)	(568)
Provision carried forward	4,160	8,321

Represented by:

	2006 $'000	2005 $'000
Mortgages with recourse	57,087	63,985
Mortgages without recourse	800,264	682,814
Balance at the end of the year	857,351	746,799

8. Lands for development

	2006 $'000	2005 $'000
Balance brought forward	20,392	19,904
Costs incurred for the year	6,064	488
Balance carried forward	26,456	20,392

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

		2006 $'000	2005 $'000
9.	Investment in associated bank		
	Balance at beginning of year	7,325	6,701
	Share of current year profit	864	1,074
	Dividends received	(450)	(450)
	Balance at end of year	7,739	7,325

		Furniture, fixtures, office machinery & equipment	Motor vehicles	2006 $'000	Total 2005 $'000
10.	Property and equipment				
	Cost				
	Balance brought forward	3,098	2,146	5,244	5,512
	Additions	140	490	630	448
	Disposals	(79)	(988)	(1,067)	(716)
	Cost carried forward	3,159	1,648	4,807	5,244
	Depreciation				
	Balance brought forward	2,210	968	3,178	3,017
	Charge for the year	179	400	579	714
	Disposals	(49)	(745)	(794)	(553)
	Depreciation carried forward	2,340	623	2,963	3,178
	Net book value	819	1,025	1,844	2,066

		2006	2005
11.	Capitalised bond issue costs		
	Balance at the beginning of the year	965	989
	Add: Costs incurred during the year	39	108
		1,004	1,097
	Less: Costs amortised during the year	(134)	(132)
	Balance at the end of the year	870	965

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

		2006	2005
12.	**Other liabilities**	**$'000**	**$'000**
	Interest payable on bonds	25,344	25,729
	Sundry creditors and accruals	10,359	8,410
	Gareemic holders payable	1,159	1,677
	Bank overdraft	53	–
		36,915	35,816

13.	**Bonds in issue**	**$'000**	**$'000**
	Balance at the beginning of the year	1,754,495	1,583,054
	Add: Issues during the year	37,060	305,259
	Less: Redemptions during the year	(83,426)	(133,818)
	Balance at the end of the year	1,708,129	1,754,495

Notes:

(a) These bonds are secured by debentures created at the time of issue and rank pari-passu over the fixed and floating assets of the Bank. Interest is payable semi-annually in arrears at rates varying between 4.9% – 9.0% (2005: 4.9% – 9.0%).

(b) The amounts outstanding on bonds issued are redeemable as follows:

	2006	2005
Within 1 year	117,481	83,426
1 to 2 years	201,744	117,481
2 to 3 years	172,375	201,744
3 to 4 years	337,165	172,375
4 to 5 years	160,515	337,165
Over 5 years	718,849	842,304
	1,708,129	1,754,495

(c) Tax free bonds	600,000	600,000
Other bonds	1,108,129	1,154,495
	1,708,129	1,754,495

Under the Home Mortgage Bank Act 1985, the Bank has been authorised to issue tax-free bonds up to $600 million.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

14. **Components of deferred tax liability and deferred tax asset**

	2006 $'000	2005 $'000
Deferred income tax liability:		
Bond issue costs	218	241
Property and equipment	51	54
	269	295

Note:

The Bank has adopted the policy of writing off costs incurred in the issue of bonds over the duration of the respective bonds. However, for taxation purposes, these expenses are allowed in the year they are incurred.

15. **Stated capital**

Authorised

An unlimited number of ordinary shares of no par value.

Issued and fully paid	2006 $'000	2005 $'000
16,000,000 ordinary shares of no par value	16,000	16,000

16. **Mortgage risk reserves**

This represents amounts set aside as general provisions based on an evaluation of the portfolio in respect of losses which, although not specifically identified, are known from experience to be present in any such portfolio. These loan loss requirements are dealt with as appropriations of equity.

17. **General and administrative expenses**

	2006 $'000	2005 $'000
Staff costs	10,448	7,019
Accommodation expenses	911	909
Other operating expenses	4,946	4,311
	16,305	12,239

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

17. **General and administrative expenses (continued)**

Included within general and administrative expenses are the following charges:

	2006 $'000	2005 $'000
Depreciation (net)	579	714
Directors' fees	846	431

18. **Taxation charge for the year**

Reconciliation between tax expense and the product of accounting profits multiplied by applicable tax rate:

	2006 $'000	2005 $'000
Accounting profit	38,842	34,933
Tax at the statutory rate of 25% (2005: 30%)	(9,711)	(10,480)
Tax effect of items that are adjustable in determining taxable profit:		
Tax exempt income	8,364	9,121
Other permanent differences	86	(300)
	(1,261)	(1,659)
Current year's tax provision:		
Corporation tax/business levy	(1,114)	(1,608)
Green fund levy	(173)	(162)
Deferred income tax	26	62
Prior year over-provision	–	49
Taxation charge for the year	(1,261)	(1,659)

19. **Related party transactions and balances**

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 operating decisions. A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions, at market rates. For the year ended 31st December, 2006 the Bank has not made any provision for doubtful debts relating to amounts owed by related parties.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

19. Related party transactions and balances (continued)

Outstanding balances	2006 $'000	2005 $'000
Loans, investments and other assets		
CL Financial Group	298,200	315,001
Associates	7,739	7,325
Directors and key management personnel	6,451	7,131
Provisions for amounts due from related parties	-	-
Bonds in issue and other liabilities		
CL Financial Group	290,560	301,560
Directors and key management personnel	2,195	924
Interest and other income		
CL Financial Group	52,867	42,151
Associates	864	1,074
Directors and key management personnel	433	427
Bond Interest and other expense		
CL Financial Group	19,950	21,642
Directors and key management personnel	116	94
Key management compensation		
Short term benefits	6,885	4,678
Post employment benefits	1,514	-
Termination payments	-	-

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

20. Mortgage commitments

The Bank has issued standby commitments to purchase mortgages, of which undrawn balances amount to $132,984,738 at 31st December, 2006 (2005: $39,394,210).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

21. Financial risk management

The Group's activities are primarily related to the purchase of mortgages from primary mortgage lenders and the sale of mortgages under various investment programmes. The Group accesses the capital market to raise funding to on-lend in the longer term mortgage market. The capital market activity allows the Group to access funding for shorter tenors at lower cost and thereby earning a positive spread in its mortgage activity.

The main risks arising from these activities are credit risk, liquidity risk and interest rate risk. The Group reviews and agrees policies for managing each of these risks as follows:

Credit risk

Credit risk is the potential for loss due to the failure of a counter-party or borrower to meet its financial obligations. Credit risk arises in the Group's normal trading activity in mortgages. The Group's credit control processes emphasize early detection of deterioration and prompt implementation of remedial action. Where the recovery of the outstanding liability may be doubtful or unduly delayed, such accounts are transferred from performing to non-performing status. Loan loss provisions are set aside to cover any potential loss in respect of non-performing mortgages. These provisions are reviewed semi-annually.

Liquidity risk

Liquidity risk arises from fluctuations of cash flows. The liquidity risk management process ensures that the Bank is able to honour all of its financial commitments as they fall due.

Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. It manages this risk by maintaining a positive interest rate gap between its major financial assets and liabilities. The mortgage portfolio earns interest at rates between 8.0% to 11%, whereas, interest rates on bonds vary between 4.9% to 9.0%.

22. Financial instruments

In accordance with International Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentation", the Group calculates the estimated fair value of all financial instruments at the balance sheet date and separately discloses this information where these fair values are different from the net book values.

Expressed in thousands of Trinidad & Tobago dollars ($'000)

22. Financial instruments (continued)

Financial instruments where carrying value is assumed to approximate their fair values, due to their short–term maturity, include cash and short term funds, interest receivable, construction loan advances, other assets and other liabilities.

The carrying value of bonds in issue approximates their fair values as the overall average cost of funds reasonably equates with the market value of raising these funds.

Retained mortgage portfolio is net of specific provisions for impairment. The fair value of performing mortgages is assumed to be equal to the present value of estimated future cash flows discounted at the current market rate of return.

The following table summarises the carrying amounts and the fair values of the Group's financial assets and liabilities:

	2006	
	Carrying Value $'000	Fair Value $'000
Financial assets		
Cash and short term funds	527,611	527,611
Investments securities	394,781	394,781
Interest receivable	16,226	16,226
Construction loan advances	84,444	84,444
Retained mortgage portfolio	857,351	857,173
Financial liabilities		
Bonds in issue	1,708,129	1,708,129
Bond interest payable	25,344	25,344

	2005	
	Carrying Value $'000	Fair Value $'000
Financial assets		
Cash and short term funds	804,118	804,118
Investments securities	306,475	306,475
Interest receivable	13,144	13,144
Construction loan advances	31,650	31,650
Retained mortgage portfolio	746,799	763,591

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

22. Financial instruments (continued)

	2005	
	Carrying Value $'000	Fair Value $'000
Financial liabilities		
Bonds in issue	1,754,495	1,754,495
Bond interest payable	25,729	25,729

23. Guaranteed Mortgage Investment Certificates (Gareemics)

As issuer and guarantor of Gareemics, the Bank is obligated to disburse scheduled monthly instalments of principal and interest (at the coupon rate) and the full unpaid principal balance of any foreclosed mortgage to Gareemics investors, whether or not any such amounts have been received. The Bank is also obligated to disburse unscheduled principal payments received from borrowers. At 31st December, 2006 the outstanding balances of securitised mortgages and the related Gareemics issued amounts to $51,411,743 (2005: $64,462,150).

The Bank's credit risk is mitigated to the extent that sellers of pools of mortgages elect to remain at risk for the loans sold to the bank or other credit enhancement was provided to protect against the risk of loss from borrower default. Lenders have the option to retain the primary default risk, in whole or in part, in exchange for a lower guarantee fee. The Home Mortgage Bank however, bears the ultimate risk of default.

24. Mortgage Participation Fund (MPF)

This fund is backed by mortgage and/or other securities. At 31st December, 2006 the outstanding balance of securitized mortgages and related MPF outstanding amounts to $293,883,664 (2005: $211,851,685).

25. Liquidity risk

Liquidity risk arises from fluctuations of cash flows. The matching of the maturities and interest rates of assets and liabilities is fundamental to the liquidity risk management process. The table below analyses major financial assets and liabilities of the Bank based on the remaining period at 31st December to the contractual maturity date.

FOR THE YEAR ENDED 31ST DECEMBER, 2006
Expressed in thousands of Trinidad & Tobago dollars ($'000)
(Continued)

25. Liquidity risk (continued)

Maturing	Within 1 year 2006 $'000	One to five years 2006 $'000	Over five years 2006 $'000	Total 2006 $'000
Assets				
Cash and short term funds	527,611	–	–	527,611
Investments securities	75,664	319,117	–	394,781
Retained mortgage portfolio	56,240	309,663	491,448	857,351
Construction loan advances	27,444	57,000	–	84,444
Liabilities				
Bonds in issue	117,481	871,799	718,849	1,708,129

Maturing	Within 1 year 2005 $'000	One to five years 2005 $'000	Over five years 2005 $'000	Total 2005 $'000
Assets				
Cash and short term funds	804,118	–	–	804,118
Investments securities	140,131	166,344	–	306,475
Retained mortgage portfolio	38,729	252,297	455,773	746,799
Construction loan advances	31,650	–	–	31,650
Liabilities				
Bonds in issue	83,426	828,765	842,304	1,754,495

26. Employees

At 31st December, 2006 the Bank had in its employ a staff complement of 15 employees (2005: 20).

27. Dividends

The Board of Directors declared a final dividend of $0.45 per share for the year ended 31st December, 2006. This dividend amounted to $7,200,000 and has not been recorded as a liability in the balance sheet.

NOTICE OF
ANNUAL GENERAL MEETING

To all Shareholders of The Home Mortgage Bank

TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of The Home Mortgage Bank will be held in the Board Room of The Home Mortgage Bank, 14th Floor, Central Bank Building, on the 8th day of May, 2007 at 10.30am when the following business will be transacted:

1. To receive and consider the Report of the Directors and the Audited Financial Statements including the Report of the Auditors for the year ended 31st December, 2006.

2. To take note of the payment of a Final Dividend for the year 2006.

3. To elect directors Mr. L. André Monteil, Mrs. Cheryl Greaves and Mr. Walton Hilton-Clarke (one-third of those), retiring by rotation who have offered themselves for re-election.

4. To appoint two new directors, Mr. Peter Johnson and Mrs. Lucille Mair, pursuant to the Act.

5. To re-appoint the Auditors for the ensuing year and to authorize the Directors to fix their remuneration.

6. Any other business.

Dated the 16th day of April, 2007.

By Order of the Board

Lucille Mair
Company Secretary

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