



Mission Statement

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

The Purpose of the Bank is 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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Chairman's Report

Joshey Mahabir
Chairman

PERFORMANCE OF THE GROUP

I am indeed very proud to announce another successful year for The Home Mortgage Bank with a profit after taxation of \$80.3 Million as compared with \$52.4 Million for 2012. This success represents a significant increase of 53% over the previous year's profitability.

During 2013, the Bank realized the benefits of the strategic decision taken previously to refinance its funding liabilities, which enabled the Bank to achieve a more competitive cost of funding. As a result of this new funding strategy, the Bank was able to compete in the mortgage market to acquire over \$100 million in new mortgage business. The Bank's Statement of Financial Position continues to be robust and continuously growing. At the end of 2013, total assets stood at \$1.968 billion, up from \$1.747 billion. Shareholder's equity has increased by 39% to \$918 million up from \$660 million in 2012, and earnings per share (EPS) increased by 53% to \$ 5.02 from \$3.27 in the prior year. The Bank in 2013, in keeping with its dividend strategy, paid \$0.55 based on its 2012 results, representing a 10% increase over the prior year's (2011) payment.

THE DOMESTIC ECONOMY

Real Economic growth as measured in the third quarter of 2013 declined by 0.5% for Trinidad compared to average growth of 2.3% in the first half of 2013.

The energy sector saw major maintenance works being undertaken in the third quarter of 2013 bringing energy sector output down by 4.1% in September 2013. However, the energy sector returned to positive growth in the fourth quarter of 2013, with crude oil production increasing by 1.2% year-on-year, while natural gas production jumped 2.3% from a decline of 5.3% in the previous quarter.

The non-energy sector experienced growth of 1.9% as measured in the third quarter of 2013. This was mainly contributable to increased activity in the finance sector and the distribution sector. It is expected that growth will continue in the non-energy sector in 2014 due to ongoing public sector projects.



Headline inflation, measured on a year-on-year basis, stood at 5.6% in December 2013, up from 4.4% in the previous month. Due to excess capacity in the economy, it is expected that inflation will continue into 2014 especially as economic activity is expected to increase from an expected rise in government spending.

The unemployment rate increased to 4.7% in the fourth quarter of 2012 up from 4.2% in the fourth quarter of 2011. It is expected that the unemployment rate for 2013 would increase as well, as the number of retrenchment notices filed between January and October 2013 with the Ministry of Labour and Small and Micro Enterprises Development increased by 16.5% when compared to the corresponding period in 2012.

Aggressive marketing campaigns and the offer of lower mortgage rates by banks propelled the demand for real estate mortgage loans. On a year-on-year basis, real estate mortgage loans recorded double digit growth for fifteen consecutive months to November 2013, making this category the second largest segment of credit behind business loans. In November 2013, real estate mortgages granted by the consolidated financial system expanded by 13.9% compared with growth of 15.7% in June 2013.

Growth in the Trinidad and Tobago economy is estimated at 2.5% in 2014, which reflects the recovery of the energy sector and continued steady performance in the non-energy sector.

THE INTERNATIONAL AND REGIONAL ECONOMIES

The IMF has forecasted global growth at 3.7% in 2014. Growth in advanced economies is estimated at 2.2%, and emerging and developing economies could lead the way, expanding by about 5.5%.

There was a significant turnaround in growth for United Kingdom. The UK's economy recorded growth of 0.7% in the fourth quarter of 2013, an increase from negative growth of 0.1% in the fourth quarter of 2012. Provisional estimates show that the US economy grew by 0.6% in the fourth quarter of 2013 compared to relatively stagnant growth in 2012.

Regionally, growth for the Jamaican Economy is projected at approximately 1.0% based on stronger performance in the tourism, mining and agricultural sectors. GDP growth of 0.5% was recorded in the third quarter of 2013, unemployment fell

from 16.3% in April 2013 to 15.4% in July 2013 and the inflation rate for December 2013 was 0.6%.

The Barbados economy experienced a contraction in real GDP of 0.2% in 2013. This was brought about by a decline in the tourism and construction sectors of 1.0% and 12.0% respectively. The inflation rate declined to 2.0% at the end of October 2013, reflecting a fall in international prices of food and fuel.

According to the Preliminary Overview by the Economic Commission for Latin America and the Caribbean (ECLAC), in 2014, the Caribbean will experience a recovery with estimated growth being 2.1%, following just 1.3% growth in 2013.

CAPITAL MARKETS

Bond Market

Data for 2013 shows that there was a significant increase in primary bond market activity. There were twelve bond issues in 2013 raising a total of \$10 billion compared with thirteen primary issues in 2012 raising \$4.5 billion.


Trading on the secondary government bond market increased slightly in 2013 from 2012. Bonds with a cumulative face value of \$1.5 billion were traded in 2013 compared with \$1.4 billion in 2012. There were 175 trades occurring in 2013 compared with 97 trades in 2012.

Stock Market

The Trinidad and Tobago stock market experienced two consecutive years of growth of approximately 17% and 3.61% for 2013 and 2012 respectively. Market capitalization rose to \$114 billion at the end of 2013 from \$97.4 billion at the end of 2012.

CHANGES ON THE BOARD OF DIRECTORS

During 2013 and continuing into 2014 the composition of the Board changed with the resignation of the Deputy Chairman in April 2013 and my appointment as Deputy Chairman on May 09, 2013, and subsequent appointment as Chairman following the Bank's 25th Annual Shareholder meeting on February 20, 2014. At this time the Bank welcomed the appointment of three (3) new directors (Messrs. Ruthven Boyer Jaggassar, Keston Nancoo and Sylvan Wilson) and the demitting from office of Mr. Harry Hospedales.



The Bank takes this opportunity to thank Mr. Hospedales for his sterling and significant contributions during his tenure as Chairman, and acknowledge the appointment of Mr. Ruthven Boyer Jaggassar as the new Deputy Chairman.

TRINIDAD AND TOBAGO MORTGAGE BANK

Work continues on this review with the appointment of PricewaterhouseCoopers Advisory Services Limited (PwC) to undertake a review and assessment for the restructuring of the ownership and operations of the Bank and Trinidad and Tobago Mortgage Finance Company Limited. PwC has submitted the first phase of this report, which is now under consideration by the stakeholders.

REGULATION BY THE CENTRAL BANK OF TRINIDAD AND TOBAGO

Under the provisions of the Home Mortgage Bank Act, Act No. 12 of 1985 and subsequent amendments, the Central Bank of Trinidad and Tobago has the responsibility to regulate the activities of the Bank. The Bank and the Central Bank are in general agreement with the provisions of the proposed draft regulations. Cabinet has approved the proposed regulations and the relevant legislative amendments are currently being prepared.

TOBAGO DEVELOPMENT PROJECT

This development consists of twenty (20) executive duplex villas at Tobago Plantation Limited strategically located between the golf course and eco-reserve lake. The general slowdown in the Tobago economy, as a result of the sluggish global economy and other factors, has impacted negatively on the timing of bringing these villas to the market. However, based on recent initiatives

of the Central Government and the Tobago House of Assembly to promote the tourism sector on the island, and the high marketing thrust of the Magdalena Grand Tobago and the upgraded golf course, we are of the view that the sale of these villas can be realized within the near future.

2014 AND BEYOND

While we review and assess the dynamics of the restructuring proposed with the Trinidad and Tobago Mortgage Finance Company Limited, the Bank remains committed to its original mandate of supporting the development of a system of real property and housing finance and providing leadership in the housing and home finance industry. In addition, we are looking to expand our scope of business activities in accordance with the Home Mortgage Bank Act.

The Board stands committed to ensuring the continued sustainability and profitability of the Bank and growth in shareholders' value.

I would like to take the opportunity to thank my fellow directors, both current and past, for your support and guidance, the management and staff for their commitment and dedication, and to our customers for their continued loyalty and support to the Bank.



Joshey Mahabir
Chairman



Board of Directors

As at 20 February, 2014



Sylvan N. Wilson

Keston Nancoo

Joanne Milford-Walcott



Ermine De Bique Meade

Walton Hilton-Clarke

Ruthven A. Boyer Jaggassar

Directors' Profiles

JOSHEY MAHABIR – Chairman

Mr. Mahabir is currently the Chief Executive Officer of National Helicopter Services Limited and brings with him a wealth of experience spanning over twenty three (23) years in the areas of Strategy, Management and Finance. Having worked in both the Private and Public sectors, Mr. Mahabir also served as a member on the Board of the Home Mortgage Bank (HMB) from June 2011 and as Deputy Chairman until February 2014. He was the former General Manager – Corporate & Administrative Services of the Tourism Development Company (TDC) of Trinidad and Tobago, a former General Manager of the Airports Authority of Trinidad and Tobago (AATT), Financial Controller of Caribbean Chemicals and a Business Consultant in the private Sector. He is the holder of a BSc in Business Management and an Executive MBA from the University of the West Indies.

RUTHVEN A. BOYER JAGGASSAR – Deputy Chairman

Mr. Jaggassar is a career banker of 33 years with the RBTT Group where he held several senior positions including General Manager – Corporate and International Banking, Executive Director – Corporate Banking and Executive Director Retail and Commercial Banking Group until his retirement. He is the holder of an Intermediate Certificate from the ACCA, London and has Management Diplomas and Leadership Certificates from the American Management Association among others and has received extensive training in Banking and Finance both locally and internationally. He was a former Director of several companies within the RBTT Group including RBTT Merchant and Finance Ltd., Roytec and RBTT Insurance Services Ltd. He has also served on several Boards among them namely, The Trinidad and Tobago Manufacturers Association, National Enterprises Ltd., Development Finance Ltd., Caribbean Microfinance Ltd (Chairman), Caribbean MicroFinance Holdings Ltd., West Indies Stock Brokers Ltd (Chairman) and is currently Chairman of EximBank T&T Ltd. He is also a former President of St. Andrews Golf Club.

WALTON HILTON-CLARKE – Director

Mr. Hilton-Clarke was the Vice President - Government Affairs and consultant to the President at Amoco Trinidad Oil Company (now bpTT). He was a member of the governing body of the International Labour Organization (ILO), Vice President for many years of the Caribbean Employers' Confederation and a member of the Police Service Commission of Trinidad and Tobago. He is also a past President of the Employers' Consultative Association, a former Vice President of the Trinidad and Tobago Chamber of Industry and Commerce and a past Director of the Unit Trust Corporation of Trinidad and Tobago. Presently, Mr. Hilton-Clarke is a Director on the National Insurance Board.

JOANNE MILFORD-WALCOTT – Director

Mrs. Milford-Walcott has 22 years experience in management and is a former Regional Manager of Republic Bank Limited. She

joined the Board of Directors of Home Mortgage Bank in August 2011. She is also a Director of The President Award of Trinidad and Tobago.

ERMINE DE BIQUE MEADE – Director

With her industrial relations experience, Mrs. De Bique Meade serves as General Secretary of the Contractors and General Workers Trade Union, and Trustee of the National Trade Union Centre (NATUC). She was President of the Pleasantville Community Council. She currently serves as a member of the Board of Directors of the National Insurance Board and a member of the Board of the San Fernando Corporation Employees Credit Union.

KESTON NANCOO – Director

Mr. Nancoo is currently the Group Vice President – Human Resource and Corporate Services at Guardian Holdings Limited and has 30 years experience within the manufacturing sector locally and regionally, in such areas as Employee Relations, Industrial Relations, Marketing and Communications. He served for some 10 years as the Branch Secretary of NUGFW, and is currently the Chairman of the Employer's Consultative Association. Mr. Nancoo has a B.Sc. (cum laude) in Business Administration and an MBA in Marketing from Andrews University in Michigan, USA. He has gained additional training at The Chicago Business School – Leading Change and Innovation; Harvard Business School – Strategic Human Resource Management; London Business School – Talent Management; Cornell University – HR Strategy : Creating Competitive Advantage through People; Arthur Lok Jack Business School – Building and Implementing Balanced Scorecard.

SYLVAN N. WILSON – Director

Sylvan N. Wilson's professional life is a combination of active trade union activism and industrial plant operations. In his 28 years of plant operations, he progressed through the ranks from trainee operator to Shift Supervisor. His trade union activities extend well over 35 years. His career began in the Education and Research Committee in the then Federation Chemicals branch and he moved through the ranks of the Oilfield Workers' Trade Union (OWTU) to the position of Executive Vice President. He headed the Union's Labour Relations Department and led many negotiations throughout the various units of the OWTU. Mr. Wilson represented the Union at numerous conferences, seminars and committees. He attended many training programmes in pension plans, health and safety, employee assistance programmes and industrial relations. He worked closely with others in developing and negotiating the union's social wage programme particularly in pensions, employee home ownership programmes (utilizing pension funds) and medical plans. Mr Wilson retired from Yara Trinidad Limited (formerly Hydro Agri and Federation Chemicals) at the end of December 2011. He was appointed honorary General Council member of the OWTU and continues to serve the general trade union movement.

Directors' Report

The Directors have pleasure in submitting their Report and the Audited Consolidated Financial Statements for the year ended 31st December, 2013

FINANCIAL RESULTS

	\$ 000's
Net Profit before taxation	90,695
Taxation	<u>(10,360)</u>
Net Profit for the year	80,335
Retained earnings at the beginning of the year	<u>315,964</u>
	396,299
Add :	
Transfer from mortgage risk reserve	5,995
Less :	
Dividends paid	<u>(8,800)</u>
Retained earnings at the end of the year	<u><u>393,494</u></u>

LIQUIDITY

The Bank continues to maintain a positive liquidity position to meet its current and future business needs, with a Cash & Cash equivalent figure of \$24 million representing 1.2% of total assets at the end of financial year.

DIVIDENDS

Dividends of 55 cents per share was paid during the year (2012 – 50 cents).

DIRECTORS' INTEREST

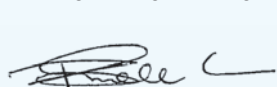
None of the Directors holds shares in the Bank.

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 retired. KPMG was appointed auditors for the year ending December 31, 2013 via shareholders' resolution.

BY ORDER OF THE BOARD



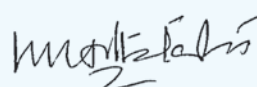
Patricia Ilkhtchoui
Corporate Secretary



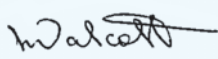
Joshey Mahabir
Chairman



Ruthven A. Boyer Jaggassar
Deputy Chairman



Walton Hilton-Clarke
Director



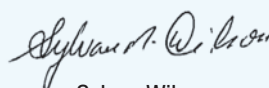
Joanne Milford-Walcott
Director



Ermine De Bique Meade
Director



Keston Nancoo
Director



Sylvan Wilson
Director



Management Discussion and Analysis



Rawle Ramlogan
Chief Executive Officer

“We are confident that the strategies adopted by the Bank will continue to support the growth of this portfolio as we build on the momentum from the latter half of 2013.”

FINANCIAL PERFORMANCE

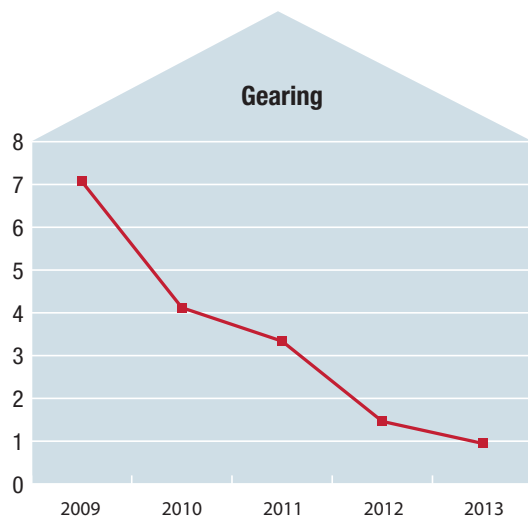
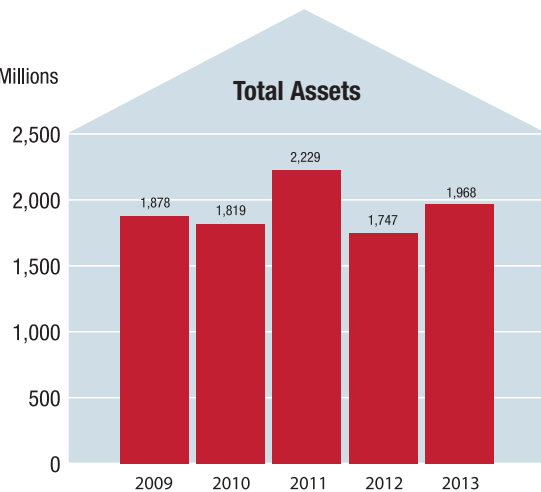
Home Mortgage Bank recorded exceptional profits after tax of \$80.3 million for the year ending December 31, 2013. The increase of \$27.9 million or 53% was the result of retaining high yielding assets, growth in our primary mortgage portfolio and the impact of our strategic decision to refinance the Bank's long term funding liabilities. The Bank was able to pass on some cost savings to its existing mortgage customers by reducing the mortgage rates across its portfolio of mortgages.

The Bank's total asset base increased by 12.6% from \$1.747 Billion to \$1.968 billion and shareholders' equity increased by 39% from \$660.1 million to \$918 million.

Overall revenues decreased over prior year by 14% to \$128 million from \$149 million due to the maturity of high interest bonds which were used to repay high costing debt which accounted for over \$26 million in revenues. The overall reduction in the funding cost of 76% was based on lower funding liabilities of \$871 million from \$965 million in 2012 and lower interest rate in the capital markets for the debt. Operating Expense declined marginally to \$14.6 million from \$14.7 million as the Bank sought to control its cost structure.

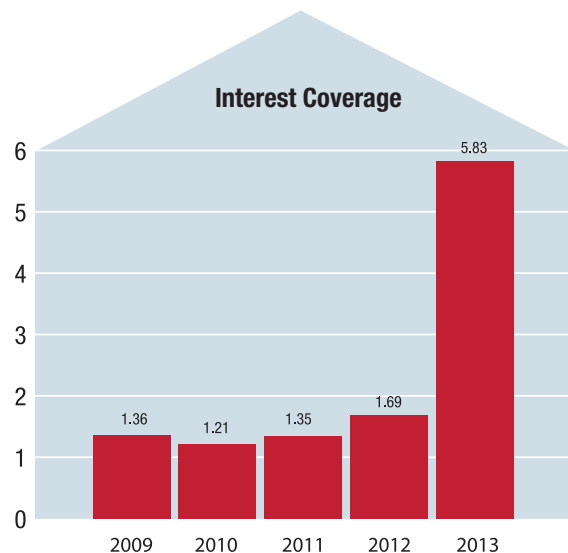
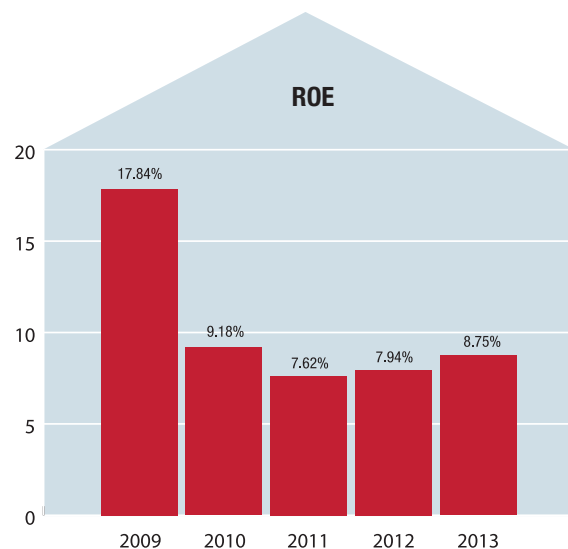
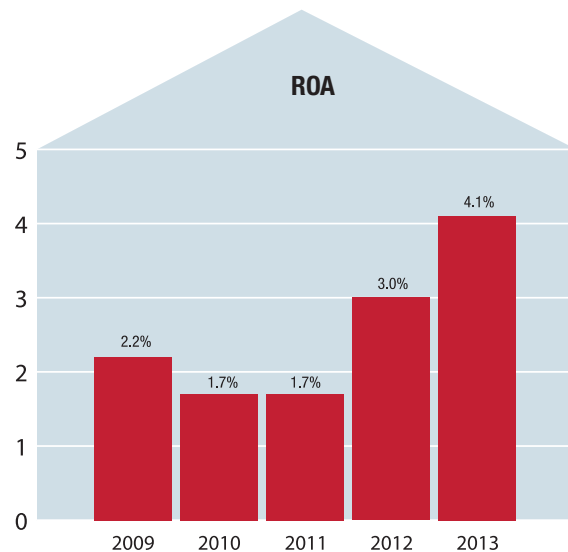
The dividends paid in 2013 for the financial year 2012 was \$0.55 per share an increase of 10% of the prior dividends payment of \$0.50 per share.

\$ Millions

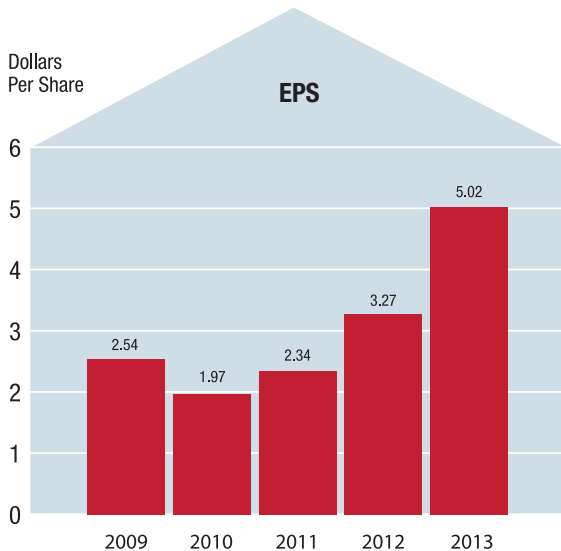


The Bank's performance continues to demonstrate its ability to operate and grow its balance sheet utilizing its strengths and resources internally. The Bank continues to align its strategy with a commitment to increase shareholder's value, showing an improved EPS position to \$5.02 from \$3.27 and an increase in shareholder's equity by 39%.

Some key financial ratios highlighting the strength of the Bank are as follows:-



Management Discussion and Analysis



RESIDENTIAL REAL ESTATE MORTGAGE MARKET

The mortgage market continued to be highly competitive in 2013 characterized by aggressive pricing from other primary mortgage lenders. The Central Bank's Mortgage Market Reference Rate (MMRR) held at 2.25% at the close of 2013 continued the downward pressure on prevailing residential mortgage market rates.

In 2013, the Bank originated over **\$112 million** gross new mortgage loans from its single location by adjusting its pricing strategies in order to generate new business, as well as to conserve the customer base of its existing mortgage portfolio. Given the lead time to disbursement, the impact of these strategies is seen in the second half of the year which accounted for 62.5% of the new business generated versus 37.5% in the first half of the year.

The Central Bank reported that mortgage lending by the consolidated financial system grew by 14.2% (year on year) as at September 2013. The Bank's aggregate residential mortgage portfolios under administration declined from \$674.7 million to \$661.4 million, or 1.97% during the year. This was mainly driven by the amortization of principal balances on the portfolio and early prepayment by mortgagors due to available liquidity or refinancing in the market. During 2013, the Bank's primary mortgage portfolio, which represents the mortgages originated and administered directly by the Bank grew by 16.87%, however this growth was offset by a decline of 18.7% in its secondary mortgage portfolio, which represents mortgages administered by other primary mortgage lenders under Sale and Administration agreements; there has been no new mortgage activity generated in this portfolio.

The Bank's interest rates for new residential mortgage business are generally held between 5.10% - 6.50% on a variable basis. This was comparable to 5.32% which was the average rate of interest on new residential mortgages for the quarter ending September 30, 2013 as reported by the Central Bank of Trinidad and Tobago.

The Non-performing loans, 90 days and over, declined by 19.7% from \$26.4 million to \$22.0 million and stood at 3.29% of the gross residential mortgage portfolio down from 3.99% in the prior year.

Mortgage Loan products offered by the Bank include:

Home Acquisition Mortgages to facilitate purchase of owner-occupied properties or investment properties.

Land Acquisition Mortgages for the purchase of residential land that will ultimately be used for the construction of a primary residence. The term of the loan for this product can be extended up to 30 years.

Construction Mortgages includes Bridging Finance and is geared towards providing financing for the construction of a residence either on lands owned by the applicant or to be purchased as part of the construction process. The rate for this type of mortgage during the construction period is the same as the rate on the long term amortized mortgage loan.

Equity Mortgages which allow homeowners to access financing through the equity or value that they have built up in their homes over the years. This financing could be used for various purposes including home renovations, education expenses, medical expenses or even debt consolidation.

Multi-family Units Mortgage facility is for the acquisition or construction of multi-family residences up to six (6) units which is geared to the domestic rental market.

Reverse Mortgages which are ideal for retired persons who can readily access the equity in their homes, either via lump sum cash payments, or regular monthly payments or a line of credit to be drawn as needed, or a combination of the aforementioned various facilities.

INVESTMENTS AND FUNDING

Funding Activities

One of Government's strategies for economic development is the expansion of the capital market which has been relatively dormant for a number of years. Some of the initiatives include the Cllico Investment Fund and the First Citizens Bank Initial Public Offering.

Data for 2013 shows that there was a significant increase in primary bond market volume. There were twelve (12) bond issues in 2013 raising a total of \$10 billion compared with thirteen (13) primary issues in 2012 raising \$4.5 billion.

Trading on the secondary government bond market increased slightly in 2013 from 2012. Bonds with a cumulative face value of \$1.5 billion were traded in 2013 compared with \$1.4 billion in 2012. There were 175 trades occurring in 2013 compared with 97 trades in 2012.

The Bank continued its refinancing programme in early 2013 with the issuance of a \$200 million bond and repaid \$61 million of its amortizing bonds. As at December 31, 2013, bond in issue stood at \$745 million up from \$606 million as at December 31, 2012, an increase of 23%.

As part of its diversification of its funding sources, the Bank expanded its channels of funding to include short term secured facilities. In managing its liquidity requirements during the year, the Bank reduced these short term borrowings from \$358 million to \$125 million.

Asset Backed Securities

During 2013, aggregate mutual funds market showed a decline in funds under management by 0.76% compared to an increase of 8.17% in 2012. At the end of 2013, aggregate fund assets under management stood at \$39.4 billion down from \$39.7 billion at the end of 2012.

The Bank under its Mortgage Participation Fund programme, which is registered with the Trinidad and Tobago Securities and Exchange Commission as a collective investment programme, had funds under management as at December 31, 2013 at \$511.9 million down from \$554.7 million as at December 31, 2012, a decrease of 7.7%. The rate offered to investors as at the end of 2013 was 1.35%.

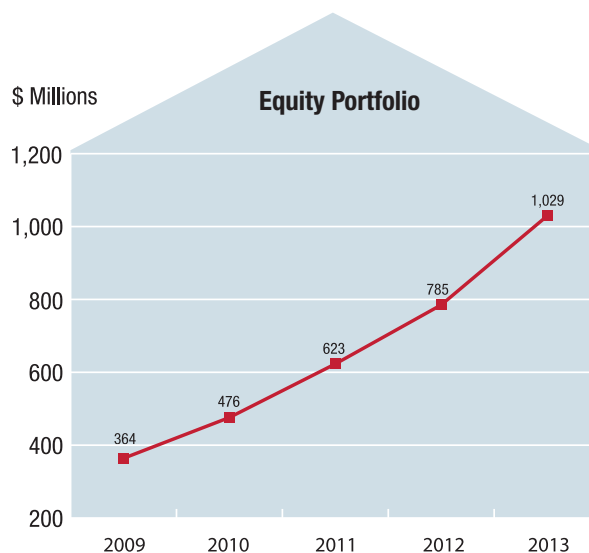
Fixed Income Investment Securities

The Bank held a portfolio of high grade fixed income securities totaling \$580 million up from \$355 million in the prior year; an increase of 63%. These securities are used in part to secure the short term facilities.

Equity Portfolio

The Trinidad and Tobago stock market experienced two consecutive years of growth of approximately 17% and 3.61% for 2013 and 2012 respectively. Market capitalization rose to \$114 billion at the end of 2013 from \$97.4 billion at the end of 2012 spurred on by the First Citizens Bank Initial Public Offering.

The Bank held a portfolio of local equities with a market value of \$1,029 million at the end of 2013 up from \$785 million at the



end of 2012, an increase of 31% representing an appreciation in value. This portfolio contributed to over \$34 million in dividends during the year 2013.

Human Resources

During the year, the Bank operated with a total staff complement of 22 persons with a small management team of four (4) persons including the Chief Executive Officer and the Corporate Secretary; there are additional two (2) management positions to be filled.

Outlook

We expect the residential mortgage market to remain very competitive and price sensitive going forward. We are confident that the strategies adopted by the Bank will continue to support the growth of this portfolio as we build on the momentum from the latter half of 2013. The Bank expects to have its full management complement early in 2014 to support the business

objective and strategies as well as its regulatory and statutory obligations. The Bank will continue with its current business model to build shareholder value while being cognizant of the proposal to restructure the operations as originally stated in the 2010 budget speech by the Minister of Finance.

I want to thank my management team and staff for all their contributions and dedication to the Bank, the Directors for their guidance and counsel, and our investors, customers and shareholders for their support and confidence in the Bank.

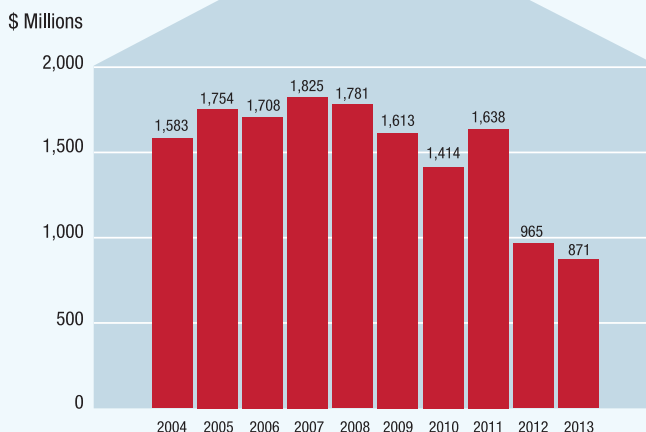
Rawle Ramlogan
Chief Executive Officer

Ten-Year Overview 2013

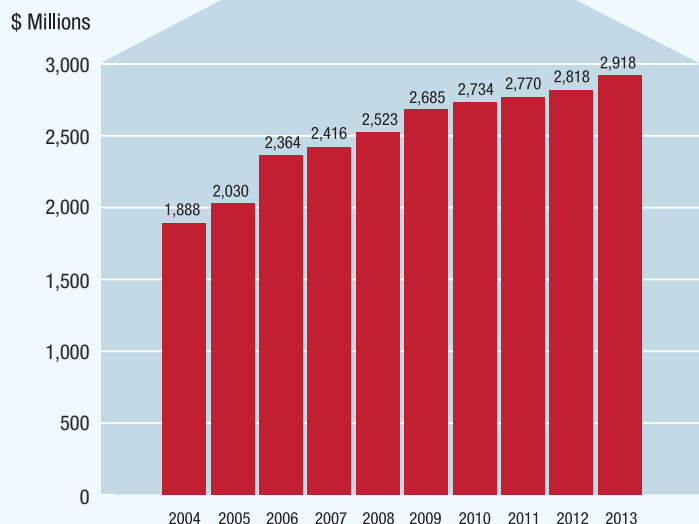
MORTGAGE PORTFOLIO SERVICED



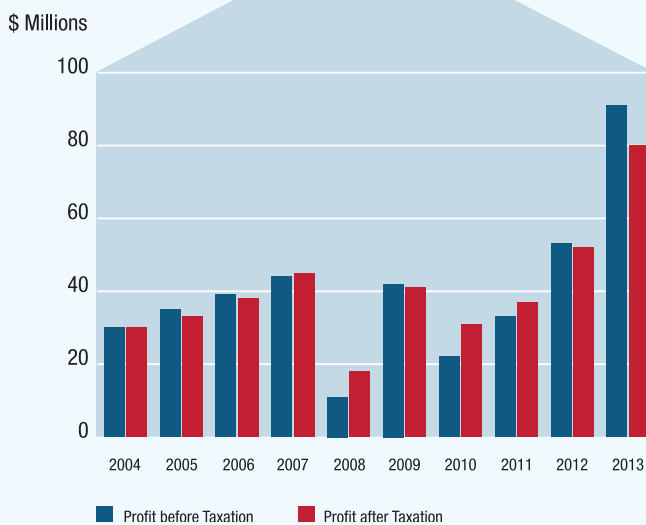
FUNDING LIABILITIES



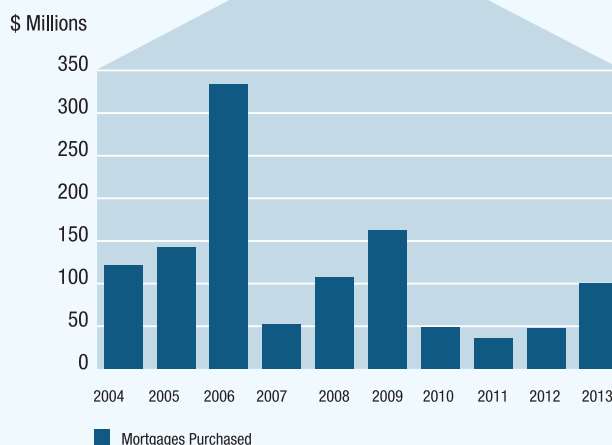
ACCUMULATED VALUE OF MORTGAGES PURCHASED



COMPARATIVE NET INCOME



MORTGAGES PURCHASED



Five-Year Review 2013

December 31st	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Balance Sheet					
Loan & Advances	248,488	447,940	598,963	708,369	764,851
Investment Securities	1,609,555	1,140,763	1,127,872	961,727	793,150
Total Assets	1,967,587	1,747,167	2,229,003	1,819,410	1,877,537
Funding Liabilities	870,511	964,814	1,638,003	1,413,518	1,613,023
Total Liabilities	1,049,182	1,087,095	1,738,120	1,476,362	1,649,604
Share Capital	16,000	16,000	16,000	16,000	16,000
Retained Earnings	393,494	315,964	271,196	233,348	201,399
Income Statement					
Income	128,432	149,036	147,817	158,355	169,212
Profit before Taxation	90,695	52,548	33,002	21,846	41,851
Net Income	80,335	52,388	37,428	31,491	40,674
Operating Expenses	14,586	14,671	15,578	12,650	10,038
Earnings per share	\$5.02	\$3.27	\$2.34	\$1.97	\$2.54



Fundraising Programmes

Tax Free Bonds

HMB 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 of 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

HMB 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 HMB looks to the future, it will continue to expand its investor base and enhance its Fundraising Instruments.

Corporate Governance

The Bank is committed to follow best practices and market standards in areas of Corporate Governance, accountability, transparency and business ethics in order to promote sustainability while considering the size and complexity of the organization. At the core of these efforts are integrity issues and the reputation risk the Bank faces in its activities.

The Bank's management structure comprises:

- Chief Executive Officer
- Manager, Finance and Administration
- *Manager, Treasury and Investments (vacant)*
- Manager, Mortgage Sales and Operations
- *Manager, Risk Management (vacant)*
- Corporate Secretary.

The Bank is committed to its continued growth and profitability and to the strengthening and enhancement of its corporate governance programme. In this regard, the Bank engaged a Compliance Consultant in August, 2013 to develop the overall compliance programme. The Bank has continued the engagement of its internal auditors for another year.

At present the Board has established two (2) committees, namely the Audit, Risk and Compliance Committee and the Human Resources, Remuneration and Nominations Committee. During the year as part of developing the compliance programme, revised and consolidated charters were developed for these committees.

Audit, Risk and Compliance Committee

This Committee meets monthly to review the financial reporting process, the system of internal control, management of financial risks, the audit process, the Bank's process for monitoring compliance with laws and regulations and its own code of business.

As at March 13, 2014 the Committee comprises:-

- Ruthven A Boyer Jaggassar – Chairman
- Joanne Milford-Walcott
- Walton Hilton-Clarke

Human Resources, Remuneration and Nominations Committee

The Committee meets monthly or as necessary, to review human resource matters affecting management and staff, including remuneration of senior management and other key personnel, and to ensure consistency with the culture, objectives, strategy and control environment of the Bank.

As at March 13, 2014 the Committee comprises:-

- Joanne Milford-Walcott - Chairman
- Keston Nancoo
- Ermine De Bique-Meade
- Sylvan Wilson

Independent Auditor's Report to the Shareholders of Home Mortgage Bank

We have audited the accompanying financial statements of Home Mortgage Bank and its subsidiaries (the Group) which comprise the Consolidated Statement of Financial Position as at December 31, 2013, and the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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 consolidated financial position of the Group as at December 31, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of the Group as at December 31, 2012, were audited by other auditors whose report dated March 13, 2013 expressed a qualified opinion on those statements.

KPMG

Chartered Accountants

March 21, 2014
Port of Spain
Trinidad and Tobago

Consolidated Statement of Financial Position

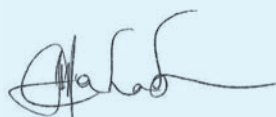
December 31, 2013

(Expressed in Trinidad and Tobago Dollars)

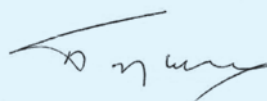
	Notes	2013 \$'000	2012 \$'000
ASSETS			
Cash and cash equivalents	9	23,991	49,446
Investment securities	10	1,609,555	1,140,763
Loans and advances to customers	11	248,488	447,940
Other assets	12	11,618	21,888
Capitalised bond issue costs	13	135	106
Lands for development	14	55,881	59,701
Property and equipment	15	1,804	1,230
Taxation recoverable		3,071	3,091
Deferred tax asset	16	13,044	23,002
Total assets		1,967,587	1,747,167
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	17	16,000	16,000
Retained earnings		393,494	315,964
Revaluation reserve	18	505,630	318,832
Mortgage risk reserve	19	3,281	9,276
Total equity		918,405	660,072
LIABILITIES			
Other liabilities	20	9,815	15,805
Short-term borrowings	21	125,000	358,074
Debt securities	22	745,511	606,740
Deferred tax liability	16	168,856	106,476
Total liabilities		1,049,182	1,087,095
Total equity and liabilities		1,967,587	1,747,167

The accompanying notes form an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements have been approved for issue by the Board of Directors on March 21, 2014 and signed on its behalf by:



Director



Director

Consolidated Statement of Comprehensive Income

Year ended December 31, 2013

(Expressed in Trinidad and Tobago Dollars)

	Notes	2013 \$'000	2012 \$'000
Income			
Interest on loans and advances (net)	24	60,614	67,446
Interest income on investment securities		30,477	49,390
Dividend income		34,664	30,764
Other income (net)		2,677	1,436
		<u>128,432</u>	<u>149,036</u>
Expenditure			
Bond expenses and other costs		18,793	76,805
General and administrative expenses	25	14,586	14,671
Provision for loan losses	11	538	295
Impairment loss on available-for-sale investments		—	4,717
Impairment loss on lands for development	14	3,820	—
		<u>37,737</u>	<u>96,488</u>
Profit before taxation		90,695	52,548
Taxation	26	(10,360)	(160)
Profit for the year		<u>80,335</u>	<u>52,388</u>
Other comprehensive income for the year			
Items that are or may be reclassified to profit or loss			
Revaluation of available-for-sale investments		249,064	166,401
Tax effect of revaluation of available-for-sale investments	16	(62,266)	(41,600)
Other comprehensive income for the year, net of tax		<u>186,798</u>	<u>124,801</u>
Total comprehensive income for the year		<u>267,133</u>	<u>177,189</u>
Basic and diluted earnings per share (\$)		5.02	3.27
Number of shares ('000)		16,000	16,000

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Year ended December 31, 2013

(Expressed in Trinidad and Tobago Dollars)

	Note	Stated Capital \$'000	Retained Earnings \$'000	Revaluation Reserve \$'000	Mortgage Risk Reserve \$'000	Total Shareholders' Equity \$'000
Balance at December 31, 2012						
Balance at January 1, 2012		16,000	271,196	194,031	9,656	490,883
Transfer from mortgage risk reserve	19	—	380	—	(380)	—
Total comprehensive income						
Profit for the year		—	52,388	—	—	52,388
Other comprehensive income for the year		—	—	124,801	—	124,801
Total comprehensive income for the year		—	52,388	124,801	—	177,189
Transaction with owners of the Company, recognised directly in equity						
Dividends		—	(8,000)	—	—	(8,000)
Balance at December 31, 2012		16,000	315,964	318,832	9,276	660,072
Balance at December 31, 2013						
Balance at January 1, 2013		16,000	315,964	318,832	9,276	660,072
Transfer from mortgage risk reserve	19	—	5,995	—	(5,995)	—
Total comprehensive income						
Profit for the year		—	80,335	—	—	80,335
Other comprehensive income for the year		—	—	186,798	—	186,798
Total comprehensive income for the year		—	80,335	186,798	—	267,133
Transaction with owners of the Company, recognised directly in equity						
Dividends		—	(8,800)	—	—	(8,800)
Balance at December 31, 2013		16,000	393,494	505,630	3,281	918,405

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2013

(Expressed in Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	90,695	52,548
Adjustments for:		
Provision for loan losses	538	362
Impairment loss on lands for development	3,820	—
Impairment loss on available-for-sale equities	—	4,717
Depreciation	140	339
Capitalised interest on managed funds	7,610	10,857
Bond issue costs amortised	16	574
Operating profit before working capital change	102,819	69,397
Change in other assets	10,270	147,514
Change in other liabilities	(1,435)	(19,266)
Corporation taxes paid	(321)	(371)
Tax refund received	53	—
Net cash from operating activities	111,386	197,274
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from short-term funds advanced	—	158,000
Issuance of new mortgages and loans	(129,134)	(74,559)
Proceeds from repayment on mortgages and loans	374,372	151,701
Purchase of property and equipment	(415)	(952)
Proceeds from sale of property and equipment	—	262
Proceeds from sale of maturity investments	4,326	217,324
Purchase of investments	(228,908)	(68,530)
Additions to development costs on land	—	(1,277)
Proceeds from managed funds	57,458	137,910
Repayment of managed funds	(111,392)	(75,249)
Net cash (used in) from investing activities	(33,693)	444,630
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bonds issued	200,000	602,405
Proceeds from short-term borrowings	416,000	540,074
Repayment of short-term borrowings	(649,074)	(182,000)
Redemption of bonds	(61,229)	(1,633,666)
Dividends paid	(8,800)	(8,000)
Bond issue costs incurred	(45)	(140)
Net cash used in financing activities	(103,148)	(681,327)

Consolidated Statement of Cash Flows (continued)

Year ended December 31, 2013

(Expressed in Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
Net decrease in cash and cash equivalents	(25,455)	(39,423)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	49,446	88,869
CASH AND CASH EQUIVALENTS AT END OF YEAR	23,991	49,446
Represented by:		
Cash at bank and on hand	18,262	49,446
Short-term deposits	5,729	—
	23,991	49,446
Supplemental information:		
Income received during the year	64,453	57,005
Interest paid during the year	18,528	94,026
Dividend received	34,340	30,764
Dividend paid	8,800	8,000

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

1. General Information

Home Mortgage Bank (the 'Bank' or 'Parent') 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.

The Bank has two subsidiary companies which are:

Company	Country of Incorporation	Percentage Owned
Tobago Fairways Villas Limited	Trinidad and Tobago	100%
Tobago Plantation House Limited	Trinidad and Tobago	100%

The principal activity of these subsidiaries is real estate development.

The registered office of the parent and its subsidiaries is located at Prince's Court, Corner Keate and Pembroke Streets, Port of Spain. The Bank's ultimate parent entity is The National Insurance Board of Trinidad and Tobago, a company incorporated in Trinidad and Tobago under Act No. 35 of 1971.

These Consolidated Financial Statements were approved for issue by the Board of Directors on March 21, 2014.

2. Basis of Preparation

(a) Basis of accounting

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

– Available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Trinidad and Tobago dollars, which is the Bank's functional and presentation currency. Except as otherwise indicated, financial information presented has been rounded to the nearest thousand.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

2. Basis of Preparation (continued)

(d) *Use of critical estimates and judgements*

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements are described in Note 7.

3. Significant Accounting Policies

Except for the changes explained in Note 4, the Group has consistently applied the accounting policies as set out below to all periods presented in these Consolidated Financial Statements.

a) *Basis of consolidation*

The Consolidated Financial Statements of the Group include the assets and liabilities and results of operations of the Bank and those of the Subsidiaries after the elimination of inter-company transactions and balances.

(i) *Subsidiaries*

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

(ii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) *Foreign currency*

Transactions denominated in foreign currencies are translated into the respective functional currencies at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

c) *Financial instruments*

Financial instruments comprise, cash and cash equivalents, investment securities, loans and advances to customers, short-term borrowings and debt securities.

(i) *Recognition and initial measurement*

The Group initially recognises loans and advances to customers, short-term borrowings and debt securities issued on the date at which they are originated.

All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) *Classification*

Financial assets

i) *Loans and receivables*

Loans and receivables include mortgages which are primarily personal residential mortgages. These 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.

Construction loan advances represent advances made by the Group or through the Bank's approved lenders to mortgagors on new residential construction and/or to project developers. These advances are stated at the principal balances outstanding and are secured by a first mortgage over real property. On completion of construction these advances are converted to mortgages.

Other loan advances represent secured short-term loan facilities, which are measured at amortised cost using the effective interest rate method, calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'interest income' in the Consolidated Statement of Comprehensive Income. The losses arising from impairment are recognised in the Consolidated Statement of Comprehensive Income in 'provision for loan losses'.

ii) *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 to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

c) *Financial instruments (continued)*

(ii) *Classification (continued)*

Financial assets (continued)

iii) ***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.

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.

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of:

- (i) the consideration received (including any new asset obtained less any new liability assumed); and
- (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI).

is recognised in profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a consolidated asset or liability in the Statement of Financial Position.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expired.

(iv) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

c) *Financial instruments (continued)*

(v) *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

c) Financial instruments (continued)

(vii) Identification and measurement of impairment

The carrying value of all financial assets not carried at fair value through profit or loss is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Group's long-term investment strategy.

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The Group's policy considers a significant decline to be one in which the fair value is below the weighted-average cost by more than 30% and a prolonged decline to be one in which fair value is below the weighted-average cost for greater than one year. This policy is applied by all subsidiaries at the individual security level.

If an available-for-sale equity security is impaired based upon the Group's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognised as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon the Group's impairment criteria, an impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairments.

For held-to-maturity financial assets and loans and advances carried at amortised cost, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any impairment loss is recorded in profit or loss.

(viii) Designation at fair value through profit or loss

The Group has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances.

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise

Note 8 sets out the amount of each class of financial asset or financial liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

d) **Guaranteed Mortgage Investment Certificates (Gareemics) and Mortgage Participation Fund (MPF)**

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

For Gareemics, the Group 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 11 and 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 11 and 23).

e) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

f) **Lands for development**

Lands for development are accounted for at the lower of cost (plus other direct expenses incurred in the acquisition and the development of these properties) and net realisable value. (Refer to Note 14).

g) **Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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 and office machinery	7½% to 12½% on reducing balance
Computer equipment	25% on reducing balance
Motor vehicles	25% on cost/straight-line.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

h) **Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

i) Debt securities

Debt securities are the Group's source of debt funding. Debt securities are initially measured at fair value minus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss.

j) 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 13).

k) Employee benefits

The Group operates a defined contribution pension plan which covers all of its eligible employees. The Group's contribution expense in relation to this plan for the year amounts to \$288,979 (2012: \$285,326).

l) Investment in subsidiary

Investment in subsidiaries is reported at cost less impairment losses.

m) Other assets and liabilities

Other assets and liabilities, not classified as financial instruments, are initially recognised and subsequently measured at amortised cost in the Statement of Financial Position with relevant costs recognised in profit or loss.

n) Revenue recognition

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not the future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

Interest income is recognised on an accrual basis in the period in which it is due and in accordance with the underlying loan contract terms and conditions except for loans classified as impaired or for loans classified as non-accrual when in management's judgement there was a deterioration in credit quality that if continued would lead to impairment.

Interest income is shown net of the interest expense incurred on managed funds.

Other income is accounted for on the accruals basis.

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(Expressed in Thousands of Trinidad and Tobago Dollars)

3. Significant Accounting Policies (continued)

o) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

p) 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.

q) Dividends

Dividends are recognised as a liability in the Consolidated Financial Statements in the period in which the dividends are approved by the Board of Directors.

r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2017 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and it is not practical to quantify the effect at this time.

s) Contingency for general banking risks

The contingency for general banking risks is an appropriation of retained earnings that is not available for distribution to shareholders.

t) Comparative information

Certain changes in presentation have been made in these Consolidated Financial Statements. These changes had no effect in the operating results or profit after tax of the Group for the previous year.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

4. Change in Accounting Policy

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these Consolidated Financial Statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013:

- a. IFRS 10 Consolidated Financial Statements (2011).
- b. IFRS 12 Disclosure of Interests in Other Entities.
- c. IFRS 13 Fair Value Measurement.
- d. Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).
- e. Presentation of Items of Other Comprehensive Income (Amendments to IAS 1).

The nature and the effects of the changes are explained below.

(a) Subsidiaries, including structured entities

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed its control conclusions as of January 1, 2013. The change did not have any impact on the Group's financial statements.

(b) Interests in other entities

As a result of IFRS 12, the Group is required to expand its disclosures about its interests in subsidiaries and involvement with unconsolidated structured entities. The change did not have any impact on the Group's financial statements.

(c) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, as set out in Note 3(c)(vi), prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under IFRS 13.

These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

(d) Offsetting financial assets and financial liabilities

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities (See Note 3 (c)(iv)).

(e) Presentation of items of OCI

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its Statement of Profit or Loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. The change did not have any impact on the Group's Consolidated Financial Statements.

Notes to Consolidated Financial Statement

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5. Risk Management

The Group's activities are primarily related to the purchase of mortgages from primary mortgage lenders and direct mortgage lending. The Group accesses the capital market to raise funding by the issuance of securities 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.

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring. This process of risk management is critical to the Group's continuing profitability. The Group is exposed to credit risk, liquidity risk, market risk, interest rate risk and operational risk.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks.

Board of Directors

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

The Board is responsible for overseeing the Group's risk management, including overseeing the management of credit risk, market risk, liquidity risk and operational risk.

The Board carries out its risk management oversight function by:

- Reviewing and assessing the quality, integrity and effectiveness of the risk management systems. Overseeing the development of policies and procedures designed to:
 - (a) Define, measure, identify and report on credit, market, liquidity, counterparty and operational risk; and
 - (b) Establish and communicate risk management controls throughout the Group.
- Ensuring that the Group has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to proactively manage these risks, and to decide the Bank's appetite or tolerance for risks.
- Reviewing management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken.
- Providing an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk.
- Keep the board informed on risk exposures and risk management activities through the submission of periodic reports from management.

Notes to Consolidated Financial Statement

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(Expressed in Thousands of Trinidad and Tobago Dollars)

5. Risk Management (continued)

Treasury

Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk measurement and reporting systems

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

Information compiled is examined in order to analyse, control and identify early risks. Management assesses the appropriateness of the allowance for credit losses on a semi-annual basis. The Board of Directors receives a report of arrears by portfolio on a monthly basis.

Excessive risk concentration

The Group reviews its residential mortgage concentration to prevent over exposure in any area or any residential housing development.

The Group manages its investment portfolio by focusing on maintaining a diversified portfolio and concentration percentages.

Identified concentrations of credit risks are controlled and managed accordingly.

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. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Where the recovery of the outstanding asset 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.

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements.

	Gross Maximum Exposure	
	2013	2012
	\$'000	\$'000
Gross mortgage portfolio	739,103	774,618
Construction advances	27,592	228,551
Other loans	4,668	13,432
Investment securities	1,609,555	1,140,763
Cash and cash equivalents	23,991	49,446
Other assets	11,618	21,888
Total gross financial assets	2,416,527	2,228,698
Mortgage commitments	40,087	21,852
Total credit risk exposure	2,456,614	2,250,550

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral.

The main type of collateral obtained is for residential lending – mortgages over residential properties.

Management monitors the market value of collateral at the point of granting the mortgage commitment and during its review of the adequacy of the allowance for impairment losses.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. The Group does not occupy repossessed properties.

Credit quality per class of financial assets

The Group has determined that credit risk exposure arises from the following items in the Statement of Financial Position:

- Loans and advances to customers
- Investment securities

Loans and advances to customers

Loans and advances to customers are 'classified' according to the arrears position as at the end of the financial year in addition to other risk factors. Neither past due nor impaired are where loan payments are up to date. Past due but not impaired advances are no more than six months in arrears and are very well secured based on Management's review of the collateral values. Individually impaired advances are advances that are also greater than six months in arrears and specific provisions have been established for these loans. Management closely monitors and follow up all loans in arrears.

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Credit quality per class of financial assets (continued)

Investment securities

Individually impaired investment securities are securities that are not operating in accordance with the agreed upon terms and conditions. These are being closely monitored and specific provision has been established for the impaired portion.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group from both its loans and advances to customers' portfolio and investment securities based on the following:

- 97% of the loans and advances to customers' portfolio is categorised in the top two grades of the grading system (2012: 98%);
- Loans and advances to customers, which represent 32% (2012: 46%) of financial assets, are backed by collateral.

Credit quality analysis

	Loans and Advances to Customers		Investment Securities	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Carrying amount	770,383	1,016,159	1,609,555	1,140,763
Individually impaired				
Gross amount	5,246	7,987	48,638	48,638
Allowance for impairment	(980)	(442)	(48,638)	(48,638)
Carrying amount	4,266	7,545	—	—
Past due but not impaired				
Carrying amount	61,105	49,113	—	—
Past due comprises:				
30-60 days	34,908	23,287	—	—
60-90 days	9,377	7,391	—	—
90-180 days	10,892	7,376	—	—
180 days +	5,928	11,059	—	—
Carrying amount	61,105	49,113	—	—
Neither past due nor impaired				
Carrying amount	705,012	959,501	1,609,555	1,140,763

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of mortgagors or infringement of the original terms of the contract.

The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the availability of other financial support and the realisation value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Liquidity risk and funding management

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

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.

The table below summaries the maturity profile of the Group's financial assets and liabilities at December 31, 2013 based on contractual undiscounted repayment obligations, over the remaining life of those assets and liabilities. These balances include interest to be paid over the remaining life of the instruments and will therefore be greater than the carrying amounts on the Consolidated Statement of Financial Position.

2013	Within 1 Year \$'000	2-5 Years \$'000	Over 5 Years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	23,991	—	—	23,991
Investments securities	87,824	1,270,122	251,609	1,609,555
Other assets	11,618	—	—	11,618
Loans and advances to customers	85,945	310,247	374,191	770,383
Interest receivable on loans and advances to customers	42,790	146,854	253,419	443,063
Total financial assets	252,168	1,727,223	879,219	2,858,610
Financial Liabilities				
Mortgage participation fund	511,928	—	—	511,928
Collateralised mortgage obligation	9,967	—	—	9,967
Short-term borrowings	125,000	—	—	125,000
Debt securities	56,894	227,936	460,681	745,511
Interest payable on debt securities	13,922	44,557	27,408	85,887
Total undiscounted financial liabilities	717,711	272,493	488,089	1,478,293
Net gap	(465,543)	1,454,730	391,130	1,380,317
Cumulative gap	(465,543)	989,187	1,380,317	—

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5. Risk Management (continued)

Liquidity risk and funding management (continued)

	Within 1 Year \$'000	2-5 Years \$'000	Over 5 Years \$'000	Total \$'000
2012				
Financial Assets				
Cash and cash equivalents	49,446	—	—	49,446
Investments securities	153,941	947,261	39,561	1,140,763
Other assets	21,888	—	—	21,888
Loans and advances to customers	298,664	347,399	370,096	1,016,159
Interest receivable on loans and advances to customers	50,472	168,034	203,704	422,210
Total financial assets	574,411	1,462,694	613,361	2,650,466
Financial Liabilities				
Mortgage participation fund	554,815	—	—	554,815
Collateralised mortgage obligation	13,404	—	—	13,404
Short-term borrowings	358,074	—	—	358,074
Debt securities	61,229	227,576	317,935	606,740
Interest payable on bonds	12,373	36,618	19,318	68,309
Total undiscounted financial liabilities	999,895	264,194	337,253	1,601,342
Net gap	(425,484)	1,198,500	276,108	1,049,124
Cumulative gap	(425,484)	773,016	1,049,124	—

	On Demand \$'000	Less Than 3 Months \$'000	3-12 Months \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$'000
2013						
Commitments	—	40,087	—	—	—	40,087
2012						
Commitments	—	19,041	2,811	—	—	21,852

The Group expects that not all of its commitments will be drawn before expiry of the commitments.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices such as interest rate risk and other price risk trading portfolios.

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as the result of decrease in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity will arise as a result of changes in the fair value of equity instruments categorised as available-for-sale.

The effect on equity and income at December 31, 2013 due to a reasonably possible change in equity indices of +/- 5% with all other variables held constant will have an impact on equity of +/- \$51.5million (2012: \$39.2 million).

Interest rate risk

The Group 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 as follows:

a) Financial assets

Loans and advances to customers

The Group has the ability to vary interest rates on its variable rate portfolios by giving three to six months notice to mortgagors. The variable rate portfolios account for 93% of the total gross mortgage portfolio as at December 31, 2013 (2012: 94.4%).

In addition, the rates on the fixed rate portfolios are only fixed for periods ranging between three to ten years, after which the mortgages convert to variable rate mortgages.

b) Financial liabilities

Bonds in issue

The Group has the ability to reset rates on a quarterly basis. The rate is calculated on a spread ranging between 1.35% to 1.75% over the current 90 day GOTT treasury bill.

Mortgage participation fund

The Group has the ability to vary this rate at any time.

Collateralised mortgage obligations

The rates paid on Collateralised Mortgage Obligations (CMO) are linked to the rates on the mortgage pools which back this financial liability. The mortgages backing this fundraising instrument are all variable rate mortgages. Therefore upward or downward movements in the variable interest rate will be matched by upward or downward movements in interest paid to CMO investors.

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Interest rate risk (continued)

b) *Financial liabilities (continued)*

Collateralised mortgage obligations (continued)

The table below shows the Group's financial assets and liabilities categorised by type of interest rate.

	Variable Rate 2013 \$'000	Fixed Rate 2013 \$'000	Total 2013 \$'000	Variable Rate 2012 \$'000	Fixed Rate 2012 \$'000	Total 2012 \$'000
Loans and advances to customers	717,520	54,075	771,595	960,470	56,541	1,017,013
Percentage of total loans and advances to customers	93.0%	7.0%	100.0%	94%	5.6%	100.0%
Bonds in issue	745,511	—	745,511	606,740	—	606,740
Percentage of total bonds in issue	100.0%	0.0%	100.0%	100.0%	0.0%	100%

The table below shows the maturity profiles for the Group's fixed rate mortgages to revert to variable rate mortgages.

	Within 1 Year \$'000	1-3 Years \$'000	3-5 Years \$'000	5-7 Years \$'000	7-10 Years \$'000	Total \$'000
2013						
Loans and advances to customers	12,782	27,972	9,407	728	3,186	54,075
Percentage of total fixed loans and advances to customers	23.63%	51.72%	17.42%	1.35%	5.89%	100.0%
2012						
Loans and advances to customers	5,079	23,502	22,404	361	5,195	56,541
Percentage of total fixed loans and advances to customers	8.98%	41.57%	39.62%	0.64%	9.19%	100.0%

Notes to Consolidated Financial Statement

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5. Risk Management (continued)

Interest rate risk (continued)

b) Financial liabilities (continued)

Collateralised mortgage obligations (continued)

Sensitivity analysis

The Group has been a market-maker in terms of mortgage rates and therefore it is not the policy of the Group to follow the market in terms of average mortgage rates.

However it should be noted that the majority of the Group's financial assets are held in loans and advances to mortgagors. Variable rate mortgages account for 93% (2012: 94.4%) of the mortgage pool which gives the Group the ability to change interest rates if needed, within a short time frame.

Therefore the Group can quickly respond to any changes in interest rates, driven by the Financial Services Sector or Government, if needed and re-price its assets and liabilities.

Because of the above, management does not believe that any changes in interest rates would have a significant impact on net income or equity.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

6. Capital

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

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group maintains mortgage risk reserves as part of its capital structure. This represents amounts set aside as collectively assessed allowances for losses on loans and advances; 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.

Notes to Consolidated Financial Statement

December 31, 2013

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7. Use of Critical Estimates and Judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application and assumptions made relating to major estimation uncertainties.

(a) *Key sources of estimation uncertainty*

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(c)(v).

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit risk function.

(b) *Critical accounting judgements made in applying the Group's accounting policies*

1) *Impairment of financial assets*

Management makes judgements at each reporting period 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.

2) *Lands for Development*

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less cost to sell calculation is based on Management's estimates in an arm's length transaction of similar assets or observable market prices less incremental costs for completing and disposing of the asset.

3) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4) *Determining fair values*

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(c)(vi). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on expected cash flows based on recent history, uncertainty of market factors and other risks affecting the specific instrument.

Notes to Consolidated Financial Statement

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8. Fair Value of Financial Instruments

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

a) *Determination of fair value and fair value hierarchies*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market.

This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

b) *Financial instruments measured at fair value*

	2013			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Equity securities	1,029	—	—	1,029
	2012			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Equity securities	785	—	—	785

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(Expressed in Thousands of Trinidad and Tobago Dollars)

8. Fair Value of Financial Instruments (continued)

b) Financial instruments measured at fair value (continued)

Transfers between and movement in Levels

For the year ended December 31, 2013 there was no transfer of assets between and movement in Levels.

c) Financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and seeks to analyse them by the level in the fair value hierarchy into which they would be allocated had they been measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair Value \$'000	Total Carrying Amount \$'000
As at December 31, 2013					
Assets					
Investment securities	248,244	379,425	—	627,669	580,515
Loans and advances to customers	—	—	770,384	770,384	770,384
Liabilities					
Debt securities	—	745,511	—	745,511	745,511
Short-term borrowings	—	125,000	—	125,000	125,000
Mortgage Participation Fund	511,928	—	—	511,928	511,928
Collateral mortgage obligation	—	9,967	—	9,967	9,967
As at December 31, 2012					
Assets					
Investment securities	195,960	181,861	—	377,821	355,933
Loans and advances to customers	—	—	1,016,159	1,016,159	1,016,159
Liabilities					
Debt securities	—	606,740	—	606,740	606,740
Short-term borrowings	—	358,074	—	358,074	358,074
Mortgage Participation Fund	544,815	—	—	544,815	544,815
Collateral mortgage obligation	—	13,404	—	13,404	13,404

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates and prepayment rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

The fair value of debt securities is estimated using discounted cash flow techniques, applying the rates that are offered for debt securities of similar maturities and terms.

The fair value of cash and cash equivalents is the amount payable at the reporting date.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
9. Cash and Cash Equivalents		
Cash and cash equivalents comprise:		
Cash at bank and on hand	18,262	49,446
Short-term deposits	5,729	—
Total cash and cash equivalents	23,991	49,446

The average effective interest rate on cash and cash equivalents for the current period is 0.75% (2012: 4.75%).

	2013 \$'000	2012 \$'000
10. Investment Securities		
Investment securities comprise:		
Held-to-maturity (a)	580,515	355,933
Available-for-sale (b)	1,029,040	784,830
Other securities (c)	—	—
	1,609,555	1,140,763
(a) Held-to-maturity		
– State-owned company securities	327,807	265,592
– Government securities	252,708	90,341
	580,515	355,933
(b) Available-for-sale		
– Local equities	1,029,040	784,830
(c) Other securities		
– Matured investment securities	48,638	48,638
– Provision for impairment	(48,638)	(48,638)
	—	—

The average effective interest rate on investment securities for the current year is 4.81% (2012: 5.82%).

	2013 \$'000	2012 \$'000
Provision for impairment on other securities	48,638	48,638

On January 30, 2009, the Central Bank of Trinidad and Tobago ('CBTT') intervened in the operations of Clico Investment Bank Limited ('CIB') and took control of that entity under Section 44D of Central Bank Act Chap. 72:02. The Group held funds totalling \$48.6 million with CIB as at the date of the intervention. These facilities matured in the first quarter of 2009 and have not yet been repaid. These funds represent \$36.0 million Investment Note Certificates and \$12.6 million Certificate of Deposit. The Government has stated that it will guarantee to honour all third-party deposits of CIB. The Group is of the opinion that these investments will be covered under the Government's guarantee and it will continue to pursue the recovery thereof. The Group has taken a decision to make a full provision for these investments on the basis of prudence and the uncertainty of timing of recovery.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
11. Loans and Advances to Customers		
Total loans administered	770,383	1,016,159
Mortgages held in trust (Note 23)	(521,895)	(568,219)
Net loans retained	248,488	447,940
The composition of loans and advances to customers is as follows:		
Retained mortgages loans (a)	216,228	205,957
Construction loan advances (b)	27,592	228,551
Other loans (c)	4,668	13,432
	248,488	447,940
(a) Retained mortgage loans		
<i>Principal balances and unamortised discounts:</i>		
Total loans administered at January 1	774,618	865,015
New mortgage/transfers from construction loan advances	99,531	48,723
Principal repayments	(135,046)	(139,120)
	739,103	774,618
Specific provision for doubtful mortgages	(980)	(442)
	738,123	774,176
Mortgages held in trust (Note 23)		
– Guaranteed Mortgage Investment Certificates	(9,967)	(13,404)
– Mortgage Participation Fund	(511,928)	(554,815)
	(521,895)	(568,219)
Retained mortgage loans	216,228	205,957
Represented by:		
Mortgages with recourse	1,351	1,824
Mortgages without recourse	214,877	204,133
Balance at December 31	216,228	205,957
<i>Specific provision for loan losses:</i>		
Balance at January 1	442	80
Prior year adjustment	–	67
Charge for the year	538	295
	538	362
Balance at December 31	980	442

The average effective interest rate on the retained mortgage portfolio for the current year is 6.07% (2012: 7.77%).

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

11. Loans and Advances to Customers (continued)

	2013 \$'000	2012 \$'000
(b) Construction loan advances		
Balance at January 1	228,551	207,243
New advances	29,603	25,836
Advances converted to mortgages	(230,562)	(4,528)
Balance at December 31	27,592	228,551

The average effective interest rate on construction loan advances for the current year is 7.74% (2012: 7.65%).

	2013 \$'000	2012 \$'000
(c) Other loans		
Balance at January 1	13,432	21,485
Principal repayments	(8,764)	(8,053)
Balance at December 31	4,668	13,432

The average effective interest rate on other loans for the current year is 8.50% (2012: 8.58%).

	2013 \$'000	2012 \$'000
12. Other Assets		
Amounts due on 78th Bond Issue	—	8,200
Interest receivable	5,786	7,553
Sundry debtors	5,832	6,135
	11,618	21,888

13. Capitalised Bond Issue Costs

Balance at January 1	106	540
Costs incurred during the year	45	140
	151	680
Costs amortised during the year	(16)	(574)
Balance at December 31	135	106

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

14. Lands for Development

	2013 \$'000	2012 \$'000
Balance at January 1	81,215	79,938
Costs incurred for the year	–	1,277
Balance at end of year	81,215	81,215
Provision for impairment in value	(25,334)	(21,514)
Balance at December 31	55,881	59,701
Provision for Impairment:		
Balance at January 1	21,514	21,514
Charge for the year	3,820	–
Balance at December 31	25,334	21,514

After considering the results of the valuation of Lands for Development, which is carried out annually, and the estimated costs to complete this project, a further impairment provision was established to write down this asset to its net realisable value in accordance with the accounting policy of the Group. The valuation was prepared by a qualified independent valuer.

15. Property and Equipment

	Furniture Fixtures, Office Machinery and Equipment \$'000	Motor Vehicles \$'000	Total 2013 \$'000	Total 2012 \$'000
Cost				
Balance at January 1	3,349	1,291	4,640	4,212
Additions	157	258	415	952
Revaluations	299	–	299	–
Disposals	–	(509)	(509)	(524)
Balance at December 31	3,805	1,040	4,845	4,640
Depreciation				
Balance at January 1	2,780	630	3,410	3,331
Charge for the year	(125)	265	140	339
Disposals	–	(509)	(509)	(260)
Balance at December 31	2,655	386	3,041	3,410
Net book value	1,150	654	1,804	1,230

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

16. Deferred Tax Asset (Liability)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Group does not offset deferred tax assets and deferred tax liabilities.

i. The movement in deferred tax assets and liabilities during the year is as follows:

	(Charged) credited to Consolidated Statement of Comprehensive Income		
	2012 \$'000	2013 \$'000	2013 \$'000
Deferred tax assets			
Tax losses	16,376	(10,845)	5,531
Impairment provision of lands for development	5,379	955	6,334
Impairment provision on available-for-sale investments	1,247	(68)	1,179
	23,002	(9,958)	13,044
Deferred tax liabilities			
Discount on purchase of Mortgage Pools	138	(58)	80
Revaluation of available-for-sale investments	106,277	62,266	168,543
Bond issue costs	27	8	35
Property and equipment	34	164	198
	106,476	62,380	168,856
Net deferred tax liability	(83,474)	(72,338)	(155,812)
	(Charged) credited to Consolidated Statement of Comprehensive Income		
	2011 \$'000	2012 \$'000	2012 \$'000
Deferred tax assets			
Tax losses	17,561	(1,185)	16,376
Impairment provision of lands for development	5,379	—	5,379
Impairment provision on available-for-sale investments	—	1,247	1,247
	22,940	62	23,002
Deferred tax liabilities			
Discount on purchase of Mortgage Pools	222	(84)	138
Revaluation of available-for-sale investments	64,677	41,600	106,277
Bond issue costs	135	(108)	27
Property and equipment	12	22	34
	65,046	41,430	106,476
Net deferred tax liability	(42,106)	(41,368)	(83,474)

The Bank has unutilised tax losses of \$22,124 (2012: \$65,503). These losses have not yet been agreed to by the Board of Inland Revenue.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

16. Deferred Tax Asset (Liability) (continued)

ii. The movement on the deferred tax account is as follows:

	2013 \$'000	2012 \$'000
Balance at January 1	(83,474)	(42,104)
Charge to profit or loss (Note 26)	(10,072)	230
Charge to other comprehensive income	(62,266)	(41,600)
Balance at December 31	<u>(155,812)</u>	<u>(83,474)</u>

17. Stated Capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

16,000,000 ordinary shares of no par value	<u>16,000</u>	<u>16,000</u>
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18. Revaluation Reserves

The revaluation reserve is used to record increases or decreases in carrying value of the Group's available-for-sale equity portfolio. If the value of this portfolio increases or decreases based on market prices, this movement is recognised in equity under the heading revaluation reserve and other comprehensive income. These assets are tested for impairment and once the indicators of impairment are achieved the impairment loss is recognised in the profit or loss. At December 31, 2013 there was no indication of impairment on the equity portfolio (2012: TT\$4.7 million).

	2013 \$'000	2012 \$'000
19. Mortgage Risk Reserves		
Balance at January 1	9,276	9,656
Transfer to retained earnings	(5,995)	(380)
Balance at December 31	<u>3,281</u>	<u>9,276</u>

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. In 2013, an adjustment of \$6 million was made to bring these reserves in line with CBTT guideline of 0.05% of the loan portfolio.

	2013 \$'000	2012 \$'000
20. Other Liabilities		
Interest payable on bonds	3,044	2,870
Sundry creditors and accruals	6,566	12,727
Gareemic holders payable	205	208
	<u>9,815</u>	<u>15,805</u>

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
21. Short-term Borrowings		
Balance at January 1	358,074	–
Proceeds	416,000	540,074
Repayments	(649,074)	(182,000)
	<u>125,000</u>	<u>358,074</u>
Balance at December 31	125,000	358,074

The short-term borrowing facility is comprised of RBC TT\$300 million one year revolving facility renewable each September. These borrowings are secured by investment securities valued at \$307 million.

	2013 \$'000	2012 \$'000
22. Debt Securities		
Balance at January 1	606,740	1,638,003
Issues	200,000	602,405
Redemptions	(61,229)	(1,633,668)
	<u>745,511</u>	<u>606,740</u>
Balance at December 31	745,511	606,740

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

	2013 \$'000	2012 \$'000
Within 1 year	56,894	61,228
1 to 2 years	56,894	56,894
2 to 3 years	56,894	56,894
3 to 4 years	56,894	56,894
4 to 5 years	56,894	56,894
Over 5 years	461,041	317,936
	<u>745,511</u>	<u>606,740</u>
(c) Tax-free bonds	142,204	161,370
Other bonds	603,307	445,370
	<u>745,511</u>	<u>606,740</u>

Under the Home Mortgage Bank Act 1985, the Group is authorised to issue tax-free bonds up to \$600 million of which \$142 million has been issued at year end.

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
23. Managed Fund Liabilities		
Managed Funds comprises:		
Guaranteed Mortgage Investment Certificates	9,967	13,404
Mortgage Participation Fund	511,928	554,815
	521,895	568,219
Carrying value of loans backing the Managed Fund liabilities (Note 11)	(521,895)	(568,219)
Net liability	—	—

The maturity value of these financial liabilities is determined by the fair value of the Group's assets at maturity value. There will be no difference between the carrying amount and the maturity amount at the valuation date.

The movement in the Managed Fund liabilities is as follows:

	2013 \$'000	2012 \$'000
Balance at January 1	568,219	494,700
Additions	57,458	137,911
Capitalised interest	7,610	10,857
Repayments	(111,392)	(75,249)
Balance at December 31	521,895	568,219
Accrued interest		
Balance at January 1	—	—
Interest paid	(13,062)	(18,432)
Interest expense (Note 24)	13,062	18,432
Balance at December 31	—	—

Guaranteed Mortgage Investment Certificates (Gareemics)

As issuer and guarantor of Gareemics, the Group 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 Group is also obligated to disburse unscheduled principal payments received from borrowers. At December 31, 2013 the outstanding balances of securitised mortgages and the related Gareemics issued amounts to \$9,967 (2012: \$13,404).

The Group'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 Group 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 Group however, bears the ultimate risk of default.

Mortgage Participation Fund

The Bank guarantees the investments under its Mortgage Participation Fund (MPF) investment programme. This fund is backed by mortgage and/or other securities. At December 31, 2013 the outstanding balance under the MPF investment product was \$511,928 (2012: \$564,815).

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

	2013 \$'000	2012 \$'000
24. Interest on Loans and Advances (Net)		
Interest income	73,676	85,878
Managed fund (Note 23)	(13,062)	(18,432)
	<u>60,614</u>	<u>67,446</u>

25. General and Administrative Expenses

Staff costs	4,497	4,352
Accommodation expenses	1,944	1,844
Other operating expenses	8,145	8,475
	<u>14,586</u>	<u>14,671</u>

Included within other operating expenses are the following charges:

Depreciation	140	339
Directors' fees	1,214	1,382

26. Taxation

Current taxation:

Green fund levy	131	166
Business levy	157	224
Deferred taxation	10,072	(230)
	<u>10,360</u>	<u>160</u>

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

	2013 \$'000	2012 \$'000
Accounting profit	90,695	52,548
Tax at the statutory rate of 25%	22,674	13,137
Over provision of deferred tax asset	362	–
Green Fund levy	131	166
Business levy	157	224
Tax exempt income	(13,373)	(13,572)
Other permanent differences	409	205
	<u>10,360</u>	<u>160</u>

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

27. Related Party Transactions and Balances

(a) Identity of related parties

The Group has a related party relationship with its affiliates, subsidiary, directors, key management personnel and their immediate relatives.

	2013 \$'000	2012 \$'000
(b) Related party balances		
<i>Loans, investments and other assets</i>		
The National Insurance Board and its subsidiaries	4,668	13,432
Directors and key management personnel	923	982
<i>Bonds in issue and other liabilities</i>		
The National Insurance Board and its subsidiaries	49,531	48,699
Directors and key management personnel	—	95
(c) Related party transactions		
<i>Interest and other income</i>		
The National Insurance Board and its subsidiaries	815	1,507
Directors and key management personnel	61	81
<i>Bond interest and other expenses</i>		
The National Insurance Board and its subsidiaries	2,985	9,113
Directors and key management personnel	—	2
(d) Key management compensation		
<i>Directors and management compensation</i>		
Short term benefits	3,202	3,273
Post-retirement benefits	153	146

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

Notes to Consolidated Financial Statement

December 31, 2013

(Expressed in Thousands of Trinidad and Tobago Dollars)

28. Mortgage Commitments

The Group has issued standby commitments for the purchase mortgages, of which undrawn balances amount to \$40,087 (2012: \$21,852).

29. Employees

At December 31, 2013 the Group had in its employ a staff complement of 20 employees (2012: 17).

30. Dividend Paid

The Group made a Dividend payout of fifty-five (55) cents per share which was paid on November 1, 2013, in relation to 2012 profits.

31. Contingent Liabilities

A claim of \$5 million has been made against the Bank at the reporting date. The Group considers this challenge is without merit and has given instructions to oppose the same. No provision has been made in the Consolidated Financial Statements.

32. Events after the Reporting Date

There are no events occurring after the Consolidated Statement of Financial Position date and before the date of approval of the Consolidated Financial Statements by the Board of Directors that require adjustment to or disclosure in these Consolidated Financial Statements.

Shareholders

The stated capital is 16,000,000 ordinary shares to a value of \$16,000,000, subscribed as follows at 31st December, 2013:

Institution	Amount	
	\$	%
The National Insurance Board of Trinidad and Tobago	8,200,000	51.3
Republic Bank Limited	3,840,000	24.0
Central Bank of Trinidad and Tobago	2,400,000	15.0
Scotiabank 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

Corporate Information

MANAGEMENT

Rawle Ramlogan
Chief Executive Office
Corporate Manager, Securities and Investments

Janice Dickson
Manager, Mortgage Sales and Operations

Mark Wight
Manager, Finance and Administration

COMPANY SECRETARY

Patricia Ilkhtchoui

REGISTERED OFFICE

Home Mortgage Bank
Ground Floor, Prince's Court
Corner Keate & Pembroke Streets, Port of Spain

AUDITORS

KPMG
Trinre Building
69-71 Edward Street
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 House
9 – 17 Park Street, Port of Spain

First Citizens Trustee Services Limited
(Registrar and Paying Agents)
45 Abercromby Street, Port of Spain

Our Employees

From left to right
Janice Dickson
Rawle Ramlogan
Patricia Ilkhtchoui
Mark Wight



From left to right
Nigel Gibson
C. Allison John-Baptiste
Natalie Hector
Parbatie Chin Cheong
Sanjay Roodal
Usha Gajadhar



From left to right
Debbie Aguilera-Sammy
Anna Gonzales
Janelle Archibald
Sunil Teeluck
Vishwadai Moonsammy
Marc Trestrail



Absent are Padma Bhual-Ali and Avian Harris-Khan



Prince's Court, Ground Floor,
Corner Keate & Pembroke Streets,
Port of Spain, Trinidad, W.I