



# Abridged Consolidated Financial Statements

as at December 31, 2005

## CHAIRMAN'S REPORT

Trinidad and Tobago Mortgage Finance Company Limited (TTFM) continues its lead role in providing mortgage financing in keeping with Government's Housing Policy.

During the financial year ended December 31, 2005, the company increased its asset base over the period by 886 new loans amounting to \$250.8 million for a total portfolio of 11,996 mortgagors.

The consolidated profit of the company after taxation for the year ended December 31, 2005 was \$39.8 million which, when compared with the profit for the previous financial year of \$41.3 million, represents a decrease of \$1.5 million or 3.6% year on year. This decline in profitability arose largely as a result of:

- The continuing decrease in interest spreads in the financing of new mortgages as borrowing rates to the Company increased while its lending rates to mortgagors remained the same.
- Costs associated with the ongoing implementation of the transformation exercise in order to improve our competitiveness and customer service.

In keeping with the Government's Housing Policy and its core philosophy of providing a high quality of life for all citizens of Trinidad and Tobago, TTFM has responded to the call for an integrated approach to the issues of homeownership and the availability, affordability and accessibility of mortgage financing.

We have opened new branch offices in Chaguanas, San Fernando, Tobago and Arima. By September 2006, we will complete the introduction of new state-of-the-art technology to improve mortgage processing. Improved customer service, cost control and delinquency management contribute to the strides that we have made over the year past.

Notwithstanding recent increase in interest rates, TTFM is committed to providing affordable financing to all sectors of our community. On this basis, the Board of Directors is confident that the company is well-poised to support the proposed initiatives in the achievement of this goal.

Calder Hart

## AUDITOR'S REPORT

To the Members of the Trinidad and Tobago Mortgage Finance Company Limited

We have audited the balance sheet of Trinidad and Tobago Mortgage Finance Company Limited and its subsidiary (the Group) as at December 31, 2005 and the consolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Group as of December 31, 2004 were audited by another auditor whose report dated March 31, 2005, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain, TRINIDAD  
May 11, 2006

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2005

	Share capital \$'000	Retained earnings \$'000	Pension reserve \$'000	Total \$'000
<b>Balance at January 1, 2004</b>	12,408	291,331	336	304,075
Dividend paid (\$4.36 per share)	–	(11,284)	–	(11,284)
Pension reserve	–	14	(14)	–
Net profit	–	41,345	–	41,345
<b>Balance at December 31, 2004</b>	12,408	321,406	322	334,136
Balance at January 1, 2005	12,408	321,406	322	334,136
Dividend paid (\$6.40 per share)	–	(16,537)	–	(16,537)
Pension reserve	–	314	(314)	–
Net profit	–	39,818	–	39,818
<b>Balance at December 31, 2005</b>	12,408	345,001	8	357,417

## CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2005

	2005 \$'000	2004 \$'000
<b>ASSETS</b>		
Cash and cash equivalents	8,187	27,262
Debtors and prepayments	7,730	8,918
Investment securities	18,236	16,944
Bridging loans	63,852	64,941
Advances pending	4,457	10,770
Mortgage loans	1,357,594	1,250,844
Property and equipment	28,054	25,572
Pension asset	8	322
<b>Total assets</b>	1,488,118	1,405,573
<b>LIABILITIES</b>		
Bank overdraft	–	12,379
Prepayments by mortgagors	14,228	15,763
Amount due under IDB loan program	9,542	10,634
Sundry creditors and accruals	11,804	9,180
Taxation payable	303	200
Interest payable on borrowings	9,471	8,890
Borrowings	1,085,353	1,014,391
<b>Total liabilities</b>	1,130,701	1,071,437
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	12,408	12,408
Retained earnings	345,001	321,406
Pension reserve	8	322
	357,417	334,136
<b>Total equity and liabilities</b>	1,488,118	1,405,573

## CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2005

	2005 \$'000	2004 \$'000
<b>Income</b>		
Mortgage interest	110,682	104,596
Interest expense	(59,169)	(54,223)
<b>Net interest income</b>	51,513	50,373
<b>Investment income</b>	2,223	3,142
<b>Rental income</b>	1,084	984
<b>Other income</b>	8,737	11,705
	63,557	66,204
<b>Expenses</b>		
Administration	(21,219)	(23,143)
Building	(1,968)	(1,417)
	(23,187)	(24,560)
Profit before tax	40,370	41,644
Taxation expense	(552)	(299)
<b>Profit after tax</b>	39,818	41,345
<b>Earnings per share</b>	\$15.40	\$15.99

## NOTES TO THE FINANCIAL STATEMENTS

### 1. INCORPORATION AND PRINCIPAL ACTIVITY

The parent company is incorporated in the Republic of Trinidad and Tobago and provides mortgage finance under the provisions of the Housing Act, Ch. 33:01. The registered office is located at 61, Dundonald Street, Port of Spain.

### 2. BASIS OF PRESENTATION

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on a historical cost basis.