



# Abridged Consolidated Financial Statements

as at 31st December, 2007

## CHAIRMAN'S REPORT

Trinidad and Tobago Mortgage Finance Company Limited (TTMF) continues to pursue new avenues for expansion of its portfolio in its role as lender of choice in the Government's Housing thrust.

During the fiscal year ended December 31, 2007, the company increased its asset base over the comparative period of 2006 by 1,414 new loans amounting to \$569.1million for a total portfolio of 13,535 mortgages. Total mortgage loans amounted to \$1.8 billion as at December 31, 2007 an increase of \$0.4 billion or 34.5% over the comparative period last year.

Consolidated profit before taxation for the year ended December 31, 2007 was \$42M or \$4.6 million over the comparative period last year. This represents an increase of 12.4%. The company's taxation position has improved as a result of recognition of taxation losses as its taxable portfolio expands. Under its 'approved mortgage company' status, \$94.2M in tax exempt income has been recognized.

### This growth and increase in profitability are reflective of:

- The execution of the company's expansion of its lending portfolio to include affordable and mid-market housing. A more aggressive approach to this sector was introduced in 2004 in keeping with the Government's Housing policy.
- An increased customer focus facilitated by expansion of the distribution network, taking the product closer to the customer.
- Enhanced operating efficiency through the implementation of new state of the art technology to improve mortgage processing.

TTMF plays an integral role in the Government's Housing policy as outlined in the policy document "Showing Trinidad and Tobago a New Way Home". With the recent expansion of the affordable housing programme, the Board of Directors is confident that the company's business will continue to yield growth as the business strategy continues to unfold.

Calder Hart

## CONSOLIDATED BALANCE SHEET AT 31st DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	4,020	55,885
Debtors and prepayments	21,124	15,736
Investment securities	245,773	243,767
Mortgage loans	1,846,874	1,371,523
Property and equipment	35,263	35,647
Pension asset	99	-
Deferred tax asset	111,500	97,673
<b>TOTAL ASSETS</b>	<b>2,264,653</b>	<b>1,820,231</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Bank overdraft	4,800	15,367
Dividend payable	14,864	-
Prepayments by mortgagors	16,270	21,342
Subsidy 2% mortgage programme	199,144	-
Amount due under IDB loan program	11,830	11,172
Sundry creditors and accruals	69,322	11,908
Short-term debt	189,332	-
Interest payable on debt	55,928	13,118
Long-term debt	1,186,308	1,271,109
Pension liability	-	177
Deferred tax liability	25	-
<b>TOTAL LIABILITIES</b>	<b>1,747,823</b>	<b>1,344,193</b>
<b>EQUITY</b>		
Share capital	12,408	12,408
Retained earnings	504,422	463,630
<b>TOTAL EQUITY</b>	<b>516,830</b>	<b>476,038</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,264,653</b>	<b>1,820,231</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

	2007	2006
<b>Cash flows from operating activities</b>		
Profit before tax	41,981	37,331
Adjustments for		
Depreciation	3,464	2,117
(Gain)/loss on sale of fixed assets	(48)	5
Interest capitalised	(2,006)	(1,844)
Amortised subsidy 2% mortgage programme	(856)	-
(Increase)/decrease in pension asset	(276)	185
Surplus before working capital changes	42,259	37,794
Increase in debtors and prepayments	(10,363)	(9,388)
(Increase)/decrease in mortgages	(470,376)	54,380
(Decrease)/increase in prepayment by mortgagors	(5,073)	7,114
Increase in amount due under IDB loan program	658	1,630
Increase/(decrease) in sundry creditors and accruals	57,414	(309)
Increase in interest payable on debt	42,810	3,647
Taxes paid	(126)	(346)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(342,797)</b>	<b>94,522</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term debt	189,332	242,699
Subsidy 2% mortgage programme	200,000	-
Repayments on debt	(84,801)	(55,561)
Dividends paid	-	(15,927)
<b>Net cash inflow from financing activities</b>	<b>304,531</b>	<b>171,211</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(3,320)	(9,724)
Proceeds from sale of fixed assets	288	9
Purchase of investments	-	(223,687)
<b>Net cash outflow from investing activities</b>	<b>(3,032)</b>	<b>(233,402)</b>
<b>Net cash (outflow)/inflow for the year</b>	<b>(41,298)</b>	<b>32,331</b>
Cash and cash equivalents at the beginning of year	40,518	8,187
<b>Cash and cash equivalents at the end of year</b>	<b>(780)</b>	<b>40,518</b>

## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31st DECEMBER, 2007

(Expressed in Thousands of Trinidad and Tobago dollars)

	2007	2006
<b>Income</b>		
Mortgage interest	118,997	113,315
Interest expense	(78,790)	(70,640)
<b>Net interest income</b>	<b>40,207</b>	<b>42,675</b>
Investment income	26,015	10,761
Rental income	1,317	1,194
Other income	7,735	9,184
	75,274	63,814
<b>Expenses</b>		
Administration	(29,929)	(23,414)
Building	(3,364)	(3,069)
	(33,293)	(26,483)
Profit before tax	41,981	37,331
Taxation	13,675	16,513
<b>Profit after tax</b>	<b>55,656</b>	<b>53,844</b>