EASTERN CARIBBEAN HOME MORTGAGE BANK

ECHMB

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2006

BOARD OF DIRECTORS

MISSION STATEMENT

To promote the development of the secondary mortgage market in the member states and bring additional benefits, by facilitating the development of the money and capital market, improving liquidity management in the financial system and promoting home ownership throughout the member states

Sir K Dwight Venner
Chairman

Mr. Angus Smith
Chairman

Mr. Timothy A. Hodge

Mr. G. Samuel Goodluck

Mr. Henley O. Richardson

Ms. Maria Barthelmy
Secretary of the Board

Mr. Peter Johnson

LIST OF SHAREHOLDERS

Eastern Caribbean Central Bank
Anguilla Social Security Board
Dominica Social Security
National Insurance Scheme-Grenada
Social Security Board - Montserrat
St Kitts & Nevis Social Security Board
National Insurance Corporation of St Lucia
National Insurance Scheme - (SVG)
National Bank of Dominica
RBTT Bank Grenada Limited
St Kitts-Nevis-Anguilla National Bank Ltd
East Caribbean Financial Holding Co. Ltd
National Commercial Bank (SVG) Ltd
National Bank of Anguilla Ltd.
Caribbean Commercial Bank (Anguilla)
FirstCaribbean International Bank (Antigua)
Antigua Commercial Bank
Bank of Antigua Ltd
ABI Bank Ltd
RBTT Bank Caribbean Limited (Antigua)
Republic Bank (Grenada) Ltd
Grenada Co-operative Bank Ltd
Bank of Nova Scotia (St Kitts & Nevis)
Bank of Nevis Ltd.
RBTT Bank (SKN) Ltd
1st National Bank (St. Lucia) Ltd.
FirstCaribbean International Bank (St Lucia)
RBTT Bank Caribbean Ltd. (St Lucia)
RBTT Bank Caribbean Ltd. (SVG)
FirstCaribbean International Bank (SVG)
National Investment Company of Anguilla Ltd
St John's Co-operative Credit Union (Antigua)
Roseau Co-operative Credit Union Ltd (Dominica)
St Alphonsus Co-op Credit Union Ltd (Dominica)
ACB Mortgage & Trust Co Ltd (Antigua)
Barbados Mutual Life Assurance Ltd
Anguilla Mortgage Company Ltd
Finance and Development Company Ltd (Antigua)
Dominica Co-operative Societies League Ltd
Portsmouth Co-operative Credit Union Ltd (Dominica)
Dominica National Mortgage Finance Co Ltd
Grenada Building and Loan Association
River Sallee Co-operative Credit Union Ltd
Grenada Public Service Co-operative Credit Union Ltd
Montserrat Building Society Ltd
St Patrick's Co-operative Credit Union (Montserrat)
St Kitts & Nevis Insurance Company (SNIC)
National Caribbean Insurance Company Ltd (St Kitts)
St Kitts Co-operative Credit Union
Nevis Co-operative Credit Union Ltd
St Kitts-Nevis Finance Company
St Lucia Civil Service Co-op Credit Union
The Royal St Lucia Police Co-op Credit Union
St Lucia Teachers' Credit Co-op Ltd
Metrocint General Insurance Company Ltd (SVG)
St Vincent Insurances Ltd
SVG General Employees' Co-operative Credit Union Ltd
St Vincent Teachers' Credit Union Ltd
Kingstown Co-operative Credit Union (SVG)
First St Vincent Bank
The Community First Co-operative Credit Union Ltd
St Vincent Building and Loan Association
The Home Mortgage Bank of Trinidad & Tobago
Roseau Co-operative Credit Union Ltd (Dominica)
Demerara Mutual Life Assurance Society

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FINANCIAL HIGHLIGHTS

The highlights of the Eastern Caribbean Home Mortgage Bank's performance over the last five (5) years of commercial operations are as follows:

Balance Sheet Highlights

	2005/06	2004/05	2003/04	2002/03	2001/02
TOTAL ASSETS	**$129,956,121**	**$128,669,957**	**$125,183,870**	**$106,605,318**	**$84,319,140**
Mortgages Outstanding	$78,361,012	$74,224,832	$65,454,601	$66,706,641	$50,013,422
Other Earning Assets	$47,358,360	$52,213,530	$56,690,402	$38,957,633	$33,172,531
Debt Outstanding	$111,480,000	$111,480,000	$109,365,000	$91,915,000	$70,025,000
Shareholders Equity	$16,971,096	$15,719,424	$14,331,990	$12,431,513	$11,947,237
Number of Shares Outstanding	100,000	100,000	100,000	100,000	100,000
Book value per Share	$169.71	$157.19	$143.32	$124.32	$119.47
Equity to Total Assets	13.1%	12.2%	11.4%	11.7%	14.1%

Income Statement Highlights

	2005/06	62004/05	2003/04	2002/03	2001/02
Net Interest Income	$5,093,739	$4,838,726	$4,141,930	$3,532,194	$3,286,940
Net Income	$2,251,672	$2,387,434	$1,900,477	$1,484,276	$1,355,983
Earnings Per Share	$22.52	$23.87	$19.00	$14.84	$13.56
Dividends Per Share	$10.00	$10.00	$10.00	$10.00	$10.00
Operating Expenses	2,746,589	$2,377,618	$2,280,544	$2,033,201	$1,933,115
Return on Average Equity (ROE)	13.8%	15.9%	12.2%	11.9%	11.4%
Operating Expenses to Total Assets	2.1%	1.8%	1.8%	1.9%	2.3%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sir K Dwight Venner Chairman	Governor, Eastern Caribbean Central Bank
Mr. Angus Smith Deputy Chairman	Senior Manager, RBTT Bank Grenada Ltd
Mr. Timothy A. Hodge	Director of Social Security, Anguilla Social Security Board
Mr. Henley Richardson	Country Manager, ABI Bank Ltd
Mr. G. Samuel Goodluck	Managing Director, St Vincent Insurances Ltd (VINSURE)
Vacant	International Finance Corporation
Mr. Peter Johnson	Chief Financial Officer, The Home Mortgage Bank of Trinidad and Tobago
Ms. Maria Barthelmy Secretary of the Board	Research Officer Eastern Caribbean Central Bank

MANAGEMENT

Mr. St Bernard J. Sebastian	General Manager
Mr. Alexander Augustine	Manager, Corporate Finance
Ms. Cynthia M. E. Joseph	Manager, Mortgage Underwriting
Mr. Dennis S. M. Cornwall	Manager, Research and Marketing

AUDITORS

Pannell Kerr Forster
North Independence Square
Basseterre, St Kitts & Nevis, West Indies

CHAIRMAN'S REPORT

The Directors are honoured to present the Annual Report of the Eastern Caribbean Home Mortgage Bank (ECHMB) with the Audited Financial Statements for the year ended March 31, 2006.

The Financial Results and Statement of Changes in Equity for the year ended March 31, 2006 are as follows:

	Share Capital EC$	Building Reserve EC$	Portfolio Risk Reserve EC$	Retained Earnings EC$	Total EC$
Balance at 31 March 2005	10,000,000	1,777,487	1,277,487	2,664,450	15,719,424
Net Income for the year	-	-	-	2,251,672	2,251,672
Dividends Paid	-	-	-	(1,000,000)	(1,000,000)
Transfer to Reserves	-	250,334	250,334	(500,668)	-
Balance at 31 March 2006	10,000,000	2,027,821	1,527,821	3,415,454	16,971,096

For the year ended March 31, 2006 ECHMB reported Net Income amounting to $2,251,672, a marginal decrease of 5.7% from the previous year. Earnings Per Share reached $22.51 compared with $23.87 at the year ended March 31, 2005. The strength of the financial results is indicative of the institution's continued growth despite the declining yield in mortgages, the depletion in the portfolio due to refinancing, and the increasing competitive pressures in the mortgage industry. The mortgage market is very often subject to forces beyond its control. And this year ECHMB's performance is a reflection of how external conditions have some what shifted ECHMB's business prospects.

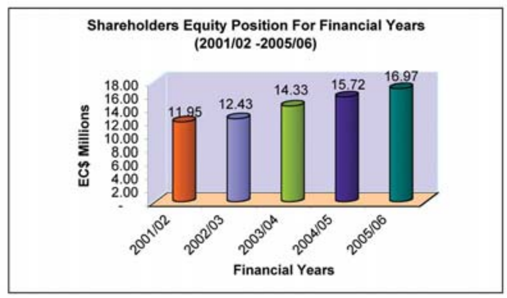
However, the ability of ECHMB to achieve positive results in this environment is testimony to the strength of its relationship with its partners, as well as its ability to employ innovative approaches to grow its business while maintaining responsible corporate practices, not least of which are the efforts to build a knowledgeable customer base.

Accordingly, ECHMB has taken an important leadership role in building awareness and competence in financial matters among the population, through its Home Ownership Day Event and Mortgage Underwriting Seminars. ECHMB has committed a sizable amount of resources to address the problem of financial capability. And while the initiative may not have "**brought home the bacon**" for its portfolio of mortgages, from three of the participating countries, based on testimonials, it is fair to say that the programme has fostered a change in people's thinking on the subject. In recent times a new perspective has emerged among persons embarking on building their homes, on the value of money and how best to spend it.

In the area of investments there is evidence that persons with bank accounts are starting to move them to find better terms in Government Treasury Bills, or changing their spending patterns on consumer items by restricting their use of credit cards as part of their debt management abilities. It is appropriate that other players in the financial services industry should build on the momentum in financial awareness that ECHMB has helped to nurture.

ECHMB continues to live up to the expectation of its original shareholders, as well as inspire the determination to perform by other emerging regional institutions. In February 2006, the International Finance Corporation (IFC) completed the sale of ECHMB shares it held. The sale was distributed among five (5) buyers, one (1) of whom was a new shareholder. Evidently, the decision to purchase shares by this new shareholder has been informed by the consistently high performance by ECHMB from the start of its operations.

The sale of shares held by IFC is a sure sign that ECHMB has come of age and prospective investors are enthusiastic about getting involved. But that enthusiasm must be extended beyond share ownership and into the realm of business partnership. In the past primary lenders may have felt that they needed to experience a liquidity constraint before they accessed the funding provided by ECHMB. But the market is different now; there are emerging opportunities for primary lenders to diversify their loan portfolio into commercial ventures, using the funding derived from the sale of residential mortgages.



But there is another even more significant dynamic – there is a greater desire among lending institutions to introduce new mortgage products, with greater appeal to homeowners. This has become more pronounced since the smaller scale lending institutions such as Credit Unions, have entered the mortgage arena. ECHMB has found able partners in some Credit Unions, and has accordingly sought to bring the institutions up to the benchmark that they become eligible to carry out business.

The ECHMB has been a pioneer in a rather successful model for the establishment of regional financial institutions which we hope will be a prototype for more entities in both the real and financial sectors.

Dated: 12th day of June 2006

By Order of the Board

K. Dwight Venner

Sir K Dwight Venner
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

During the year 2005/06, ECHMB made steady progress in its core business of acquiring mortgages. But it also faced the challenge of continued depletion in the portfolio, arising from refinancing, as well as the deteriorating quality of mortgage loans being serviced by primary lenders.

The refinancing activities are largely due to falling interest rates combined with increased competition in the primary mortgage market. In many cases the lowering of the interest rate has also resulted in a lower monthly mortgage payment, thus allowing homeowners to spend or save that portion of their income that is no longer dedicated to servicing mortgages. In particular, the desire to convert accumulated home equity into spendable funds, have provided homeowners with the opportunity and motivation to refinance the mortgage on their primary residence. Accordingly, the market became relatively easy for borrowers to request restructuring of loans that might otherwise, been heading for trouble. ECHMB continued to take measures to mitigate the threat of dilution of its earnings brought on by refinancing.

During the year also the market witnessed a continued reduction in interest rates on Fixed Deposits and other investments, which impacted unfavourably on the income earned by ECHMB on its short-term investments. In some instances the rates earned on mortgages approached the rates earned on Fixed Deposits. Accordingly, Management was required to exercise a delicate balance between maintaining relatively liquid instruments such as Fixed Deposits as investment or applying the same in the acquisition of mortgages.

The Financial Statements show an increase in mortgages representing the core business of the Bank, commensurate with a reduction in Assets represented as Other Investments. During the year 2005/06 there was a reasonable increase of 5.6% in mortgage assets to $78,361,012 million. At the same time the equity position of the Bank increased by $1,251,672 to reach $16,971,096 million due mainly to improved earnings performance.

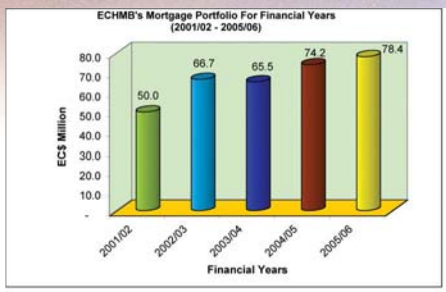
Purchase of Mortgages

The housing market showed signs of buoyancy during the year 2005/06. According to the ECCB, Economic and Financial Review, as at 31 December 2005, the total residential mortgage debt outstanding by commercial banks was estimated at $2.34bn. But the market is significantly larger when account is taken of mortgages offered by Credit Unions, Insurance Companies, and Building and Loan Associations. ECHMB's share of the regional market is relatively small at 3.3%.

During the year ECHMB concluded three (3) transactions as follows:

	# of Institutions	Amount
St. Vincent and The Grenadines	2	$7,751,225.47
St. Kitts and Nevis	1	$2,383,169.75

The main reason for the relatively modest increase in the portfolio is due to the persistently high liquidity situation among commercial banks. In such conditions banks have less of an incentive to sell their mortgages on the secondary market. Faced with this unfavourable market, ECHMB has had to reassess its business strategy. In recent times ECHMB has concentrated its efforts on strengthening the capabilities of lending institutions such as Credit Unions, that are better positioned to embrace the value derived from the secondary mortgage market. As at the end of the financial year 2005/06, ECHMB's total mortgage portfolio amounted to EC$78.4 million.

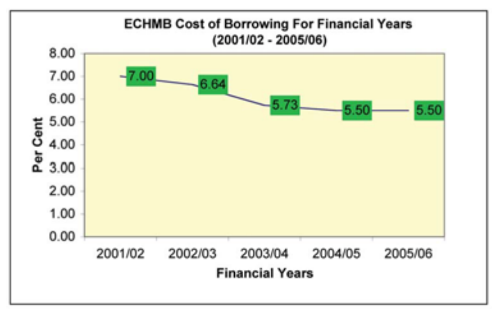


It was originally envisaged that the developments leading up to World Cup would foster a drying up of liquidity, whereby banks would require resources for funding for residential and commercial mortgages. So far there is no real evidence to suggest a tightening of the liquidity situation that would trigger increased business opportunities accruing to ECHMB.

As a result of the ongoing competition and the continued refinancing activity in the primary mortgage market, the interest rates on ECHMB's mortgages have also shown evidence of decline. This has posed serious challenges for ECHMB in terms of maintaining the yield afforded by the secondary mortgage market. During recent years, ECHMB has had to take steps to mitigate losses as a result of the refinancing activities.

With the advent of the Caricom Single Market & Economy (CSME) and the hosting of Cricket World Cup (CWC) 2007 in the Caribbean, it is envisaged that ECHMB will be faced with ongoing challenges as well as opportunities, derived from the aforementioned events. ECHMB will have to position itself to expand its services across new borders, outside of the OECS, and to take advantage of the economies of scale to further strengthen and grow its business.

Capital Market Funding For Mortgages



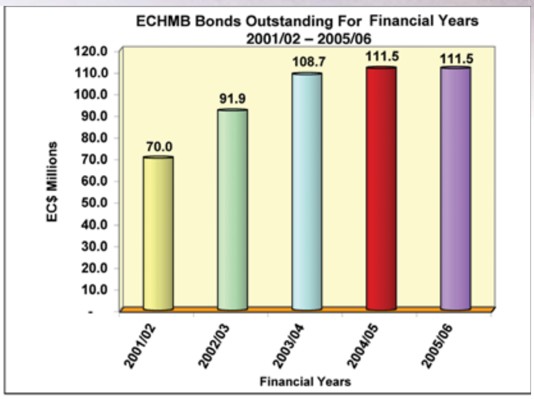
During the year 2005/06 ECHMB began to realize the savings that accrue from the Bond refunding programme that was carried out in the previous year. As at the year ended 31 March 2006, ECHMB carried six (6) Bond Issues outstanding amounting to $111.48 million, at an average cost of borrowing of 5.6%.

In order for ECHMB to make a reasonable impact on the mortgage market, while increasing shareholders value it is absolutely necessary that ECHMB's cost of borrowing should not rise significantly above the current average. In light of the prevailing conditions where Governments Bonds were offered at 6.0% (tax free), it was felt that the market was not sufficiently attractive. Accordingly, ECHMB requires a cheaper means of funding to sustain its place in the secondary mortgage market. This is a major challenge for ECHMB given the increasingly prominent role that Governments perform in the regional securities market.

The absence of Bond issue during the year does not mean that ECHMB was inactive regarding funding for mortgages. ECHMB continued to prepare the platform for the securitization of loan portfolios through the programme to enhance the servicing capability of primary lenders.

COUNTRY	TYPE OF INVESTMENT	RATE	VALUE	# OF BIDS	ISSUE DATE
Grenada	365 – T Bill (1)	6.0%	$22,450,000.00	11	13 July 2005
St. Lucia	5 Year Note (1)	5.5%	$50,000,000.00	8	14 October 2005
	10 Year Note (1)	6.5%	$25,000,000.00	11	28 October 2005
St. Vincent &	91 Day-T Bill (1)	5.82%	$15,767,837.80	4	28 October 2005
The Grenadines	91 Day-T Bill (1)	5.82%	$15,767,837.80	3	29 November 2005
	91 Day-T Bill (1)	5.82%	$15,767,837.80	4	29 December 2005

Source: ECSE Government Securities Market Activity May 9, 2006.



The following is a abridged summary profile of the activities in the Government Securities market during the year 2005/06: ECHMB Bonds are currently held by a wide range of institutional investors, as well as individuals. The foregoing Table serves to confirm the credit quality that ECHMB Bonds carry for investors in the regional market. In gauging the performance of a corporate entity in capital market operations, it is generally expected that securities issued by Government would serve as a benchmark, for securities of similar tenor issued by corporations. However, given the relatively fledgling state of the market, ECHMB has had to exercise a level prudence, over and above what is expected of normal lending institutions, to ensure its sustainability. In that regard, the Bonds that are placed on the market must be sufficiently attractive for investors while allowing it to attain the minimal spread allowed for business in the secondary mortgage market. It is normally a top priority of the Bank to be actively involved in the market, but the market is not always conducive, and generally Bond Issues have to be informed by the availability of mortgages to be purchased. For the foreseeable future, ECHMB will concentrate on tightening internal control and risk management, and being nimble enough to quickly mobilize the funding, as soon as the opportunity arises for continued growth in its mortgage portfolio.

Implementation of Mortgage Servicing Project with Primary Lenders

In order to prepare the Bank for the ensuing ten (10) years, the ECHMB has developed a technology solution to interface with the reporting capabilities of primary lenders.

The technology solution currently being implemented is intended to facilitate timely reporting on the status of mortgages administered by Primary Lenders on behalf of the ECHMB. This solution is critical in light of the frequent changes that occur in the structure of mortgages domiciled in other countries and held by ECHMB. It effectively ensures that ECHMB is informed of all transactions relating to the mortgage portfolio. This automated process also serves to benefit the primary lenders since it eliminates most of the direct administrative services associated with submitting status reports on mortgages. In addition, it ensures that through timely submission of data the follow up action required for risk management will likewise be prompt.

The solution is designed with a standard repository and management tool at the ECHMB that interfaces with the varying mortgage systems that are in use by the primary lenders throughout the region.

The ECHMB has made significant strides with the implementation of the Internet-based facility for reporting on the performance of mortgages. For each primary lender, a tool was developed to extract transaction data and information on the mortgage status for submission to the ECHMB via an encrypted virtual private network connection. The solution has been implemented at five (5) of the institutions located in Antigua and Barbuda, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines that are currently carrying out business with ECHMB.

However, there have been some delays arising from difficulties with connectivity with two institutions. These delays were exacerbated because the said institutions were undergoing in-house upgrading of their computerized mortgage administration systems, which required ECHMB to carryout extensive system compatibility tests. The ECHMB continues to actively work along with institutions, which are currently not online, as well as those from whom mortgages were recently purchased to ensure that the requirements for the completion of the implementation are satisfied.

The ECHMB is currently working with two (2) new lenders in St. Vincent and the Grenadines to complete the infrastructural requirements for the implementation of the solution at their respective locations.

Setting the Platform for Home Ownership in Anguilla

So far ECHMB has not had the opportunity to break through the market of Anguilla, Montserrat and Dominica, in providing appropriate funding for mortgages to the residents. Accordingly, during year 2005/06, ECHMB focused its marketing effort on residents of Anguilla through Home Ownership Day Event. The Event was intended to make the business of ECHMB more visible to the wider public and specifically to renew ECHMB's commitment to design creative ways by which Shareholders can derive increased value through the partnership that is built with mortgage lenders.

For most people their home is the biggest investment that a family will make in its lifetime. So when the time comes to build or buy a home, families look to designing the home to provide more than just shelter, but also as a long-term source of wealth, with the attendant value that is derived over and above the mortgage loan.

Participants attending Home Ownership Day – Anguilla June 2005

One of the key benefits that has resulted from ECHMB's Home Ownership Day Event, is the change in the economics of the housing market. In particular consumers have been taking advantage of the decreasing interest rates on mortgages, thus enhancing the purchasing power of buyers or builders. At the same time consumers are becoming increasingly conscious that if rates can come down, they are also likely to go up, this eroding their purchasing power. The emerging concern among certain interest groups is that with the prevalence of "**adjustable rate mortgages**" in the market, consumers could be seriously disadvantaged if there were an interest rate adjustment in the upward direction. And if there are no similar adjustments in consumers' income, they could be faced with some real challenges to find solutions to a situation in which their servicing capacity is affected.

It is for this reason that ECHMB continues to promote "**fixed rate mortgages**" as the preferred arrangement for homeowners, combined with other servicing arrangement that allows the borrower to build some equity on the mortgage.

The Event has created an environment whereby consumers and homeowners have become more selective in the choice of lenders, as well as become better informed on the alternative means of maintaining value in the house. At the same time consumers are learning to manage their finances more prudently including paying off of high cost of credit card debt in preference for a down payment on a house.

Capacity Building for Mortgage Lenders

ECHMB continued to make training an important feature of its activities. During the year ECHMB conducted training in respect of two (2) Modules of the three (3) part Programme with an average of about 17 persons attending from 14 lending institutions operating within the ECCU.

Once upon a time the leading industry was largely a domestic market with domestic consumers and domestic lenders. But the emergence of ECHMB showed that with adequate infrastructure that business model could change. Furthermore, the regulatory environment for financial institutions is changing and demanding standards is alive, while the market place is expanding to cover territories that were not originally part of the arrangement. To the extent that competition continues to expand, other lending institutions will be obligated to maintain efficiency if they are to maintain the competitive edge. ECHMB has set the platform for capacity building that meet the future requirements of lending institutions.

The one week three (3) Module Programme includes a "**Take Home Assignment**" that must be completed within a month. This Programme provides persons with a required qualification in the mortgage industry, evidencing the holder's understanding of the nature and application of risk, the general purpose and benefits of loan finance and how the mortgage market operates. In order for the region to emerge as a vibrant real estate market, it will require to stand out and make provision for training, and institute a recognized industry qualification that will be of benefit to professionals, as well as to the industry itself.

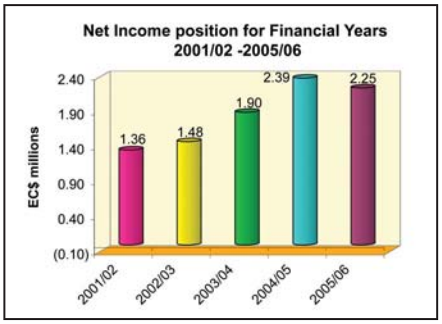
The Programme is offered by ECHMB with technical support by the Real Estate Institute of Canada. It represents another critical feature of the strategic plan of ECHMB in growing its business. This is a unique Programme which is specifically geared to foster change among lending institutions to meet the requirements of international standards in risk management. At the same time, it provides the prestige and status to those who qualify, as well as to the institutions with whom they have made their career.

Results of Operations for the Year Ended 31 March 2006

The discussion which follows is based on the approved Audited results of ECHMB for the year ended 31 March 2006.

NET INCOME

Net Income amounted to $2.3 million at 31 March 2006, compared with $2.4 million for the year ended 31 March 2005. This represented a marginal decrease of $135,762 or 5.7% below the previous year. The relative decline in earnings performance was mainly attributed market conditions in which ECHMB was purchasing mortgages with lower yields thus rendering a lower effective yield in its earning assets. For the year under review the net yield on earning assets remained stable at 3.9% similar to the yield attained at the year ended 31 March 2005.

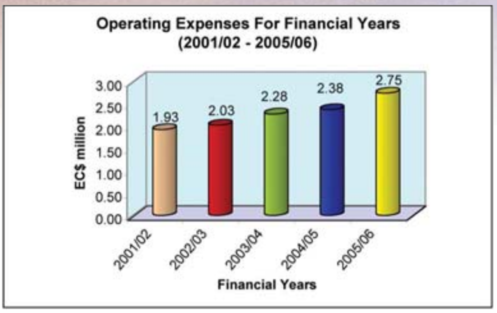


The following Table reflects the average balances for the Bank's interest earning assets, as well as the Bank's interest bearing liabilities, with the corresponding rate of interest for the years ended March 31, 2006 and March 31, 2005.

	FOR THE YEAR ENDED MARCH 31, 2005		FOR THE YEAR ENDED MARCH 31, 2006	
	Balance EC$	Effective Rate	Balance EC$%	Effective Rate %
Average Interest Earning Assets	125,391,673	9.0	126,178,867	8.93
Average Interest Bearing Liabilities	110,422,500	5.9	111,480,000	5.7
Net interest Earning Assets and Spread	14,969,173	3.1	14,698,867	3.2
Interest Income on Investments	11,329,628	_	11,266,839	_
Interest Expense on Borrowed Funds	6,490,902	_	6,352,198	_
Net Interest Income	4,838,727	_	4,914,641	_
Net Interest Margin *	_	3.9	_	3.9

** Net Interest Margin is determined by dividing net interest income by the average balance of interest earning assets.*

The above Table shows that for the year ended 31 March 2006, the Bank held on average more interest earning assets than interest bearing liabilities by an amount of $14.7 million. The Bank's net interest margin remained stable. This was due mainly to the reduction in the yield on $14.7 million of net earning assets, combined with a reduction in the cost on interest bearing liabilities.



Administrative Expenses and Efficiency

For the year ended 31 March 2006, Administrative Expenses amounted to $2.75 million, equivalent to an increase of 15.5% over the previous year. The increase in administrative expenses was attributable mainly to personnel costs, arising from a revision in staff salary effective April 2005. Salaries and related costs increased by 26.2%.

The administration fees paid to primary lenders increased by 4.4%. This was due mainly to the increase in the size of the mortgage portfolio, derived from business transactions concluded with new institutions.

The Administrative Expense Ratio calculated as Administrative Expenses expressed as a percentage of Average Total Earning Assets was 2.2%. While the administrative expenses have increased, the administrative ratio has remained relatively stable at 2.2%.

Mortgage Portfolio Investment Business

At the end of March 2006, Total Earnings from ECHMB's mortgage portfolio amounted to $7.2 million, compared with $6.9 million for the year ended 31 March 2005. The increase was attributable to expansion in the mortgage asset base, reaching $78.4 million at the year ended 31 March 2006.

Non-Mortgage Investment

Non-mortgage investments consist mainly of high quality Fixed Deposits that are generally held to maturity and rolled over, if the circumstances so warrant, as well as the Call Account through which payments of principal and interest on mortgages are channelled.

The non-mortgage investments provide ECHMB with a primary source of liquidity. In light of the business partnership that ECHMB has established, whereby primary lenders originate new mortgages on its behalf, ECHMB is required to maintain a pool of relatively liquid resources to ensure that it can intervene in the mortgage market at any time. In addition, ECHMB is also required to maintain liquidity to satisfy the needs of investors. Non-mortgage investments decreased by 2.3% from $43.1 million at 31 March 2005 to $42.1 million at 31 March 2006. This decrease was due to the requirement by the Bank to provide funding for two (2) pool of mortgages.

During the year ended 31 March 2006, ECHMB achieved further gains in savings through the reduction in the effective cost of borrowing. The average effective interest rate on the Bank's outstanding debt was 5.7% compared with 5.9% as at 31 March 2005. The reduction in the cost of borrowing enabled ECHMB to further lower the benchmark rate on lending. While ECHMB realised a reduction in the yield on Fixed Deposits and on the mortgages, its cost of borrowing was likewise decreasing. Consequently, ECHMB's net interest margin remained stable at 3.9%, the same as was achieved for the year ended 31 March 2005.

Looking Ahead

There are some major technological changes occurring in the mortgage business that should occupy ECHMB's attention. These changes are mainly aimed at reducing costs and fostering improvements in the mortgage production process. To the extent that ECHMB's business involves many partners and stakeholders, they will be required to connect and interface with its system. Accordingly, in the near future ECHMB will embark on developing its Internet website that will be designed to carryout its current business efficiently, but have the capacity to expand and evolve as the business and the wider market demands. ECHMB will continue to be at the frontline for improvements in the infrastructure that could be applicable beyond its internal boundaries.

ECHMB has come a long way in a short time of ten (10) years tenure in the mortgage industry. During that time the vision of a single financial space within the Eastern Caribbean has been places high on the Agenda of member governments. And ECHMB assumed a pivotal position in implementing that vision. The balance of the year 2006 promises increased momentum towards the development of a wider market and further integration of financial services institutions within national markets. For the foreseeable future ECHMB will be further challenged to ensure that the impact it has made so far would be greatly enhanced, through greater harmonization of the current differences that exist in counting regulation on foreclosure and other formalities evidencing ownership and transfer of property.

If ECHMB is to find a place in the wider Caribbean market that is contemplated beyond June 2006, there must be further developments in the legislative infrastructure of the member countries, as well as amendments to the Agreement establishing ECHMB. The secondary mortgage market is highly dependent on borrowing in the capital market. At the same time, the driving force for business in that market resides in a combination of entrepreneurial spirit and flexible legal and institutional arrangements. Accordingly, the regulatory environment must be sufficiently progressive and flexible to enable ECHMB to mobilize resources for mortgages at a cost that would make the transaction competitive, resulting in further reduction in interest rates on mortgages.

St. Bernard J. Sebastian
Chief Executive Officer

Pannell Kerr Forster
Chartered Accountants
ST. KITTS-NEVIS-ANGUILLA
Tel (869) 465-2746/2215

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

We have audited the Balance Sheet of Eastern Caribbean Home Mortgage Bank at 31 March 2006 and the Statements of Income, Changes in Equity, and Cash Flows for the year then ended. These Financial Statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. 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 referred to above present fairly, in all material respects, the financial position of Eastern Caribbean Home Mortgage Bank at 31 March 2006 and the results of its operations and changes in its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants:

BASSETERRE – ST. KITTS
21 April 2006

BALANCE SHEET
AS AT 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2006	2005
Cash and Short Term Funds	4	5,358,360	9,213,530
Accounts Receivable and Prepayments	5	2,971,559	794,619
Mortgages Receivable	6	78,361,012	74,224,832
Capitalised Costs	7	988,076	1,117,855
Deferred Expenses	8	97,746	71,465
Investments	9	42,100,000	43,100,000
Fixed Assets (Schedule - Page 20)	3(b) & 11	79,368	147,656
TOTAL ASSETS		**$129,956,121**	**$128,669,957**
LIABILITIES			
Accounts Payable and Accruals	10	1,505,025	1,470,533
Bonds in Issue	11	111,480,000	111,480,000
TOTAL LIABILITIES		112,985,025	112,950,533
SHAREHOLDERS' EQUITY (Page 18)			
Share Capital	12	10,000,000	10,000,000
Retained Earnings		3,415,454	2,664,450
Reserve Funds	13	3,555,642	3,054,974
TOTAL SHAREHOLDERS' EQUITY		16,971,096	15,719,424
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$129,956,121**	**$128,669,957**

The attached Notes form part of these Financial Statements.

K. Dwight Venner

Sir K Dwight Venner – Chairman

Richardson.

Mr. Henley Richardson – Director

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

	2006	2005
INTEREST INCOME		
Deposits with Banks	4,015,275	4,265,188
Mortgages	7,193,646	6,927,179
Other	57,918	137,261
	11,266,839	11,329,628
OTHER INCOME		
Seminar Costs Recovered	83,000	100,000
Sundry	620	7,180
	83,620	107,180
TOTAL INCOME	11,350,459	11,436,808
INTEREST EXPENSE		
Bond Expenses (Note 16)	6,352,198	6,671,756
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Related Costs	1,114,779	883,430
Ancillary Services	58,000	24,223
Promotional Activities	268,125	252,630
General Services and Supplies	145,966	131,672
Depreciation/Amortization	71,894	68,843
Mortgage Administration Fees	910,482	872,373
Audit Fees	25,000	25,000
Directors Fees and Expenses	152,343	119,447
	2,746,589	2,377,618
TOTAL EXPENSES	9,098,787	9,049,374
NET INCOME FOR YEAR CARRIED TO STATEMENT OF CHANGES IN EQUITY (Page 18)	**$2,251,672**	**$2,387,434**
EARNINGS PER SHARE (Note 17)	**$22.52**	**$23.87**

The attached Notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

	Share Capital	Building Reserve	Portfolio Risk Reserve	Retained Earnings	Total
Balance at 31 March 2004	10,000,000	1,500,000	1,000,000	1,831,990	14,331,990
Net Income for Year (Page 17)	-	-	-	2,387,434	2,387,434
Dividends Paid	-	-	-	(1,000,000)	(1,000,000)
Transfer to Reserves	-	277,487	277,487	(554,974)	-
Balance at 31 March 2005	10,000,000	1,777,487	1,277,487	2,664,450	15,719,424
Net Income for Year (Page 17)	-	-	-	2,251,672	2,251,672
Dividends Paid	-	-	-	(1,000,000)	(1,000,000)
Transfer to Reserves	-	250,334	250,334	(500,668)	-
Balance at 31 March 2006	**$10,000,000**	**$2,027,821**	**$1,527,821**	**$3,415,454**	**$16,971,096**

The attached Notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the Year	2,251,672	2,387,434
Adjustment for Depreciation/Amortisation	201,673	210,362
	2,453,345	2,597,796
NON-CASH WORKING CAPITAL CHANGE		
(Increase)/Decrease in Accounts Receivable	(2,176,940)	1,753,049
Increase/(Decrease) in Accounts Payable	34,492	(16,347)
Dividends Paid	(1,000,000)	(1,000,000)
CASH INFLOW FROM OPERATING ACTIVITIES	(689,103)	3,334,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred Expenses	(27,302)	-
Decrease in Investments	1,000,000	2,000,000
Pre-implementation Cost - Mortgage System	-	(324,166)
Purchase of Mortgages (Net)	(4,136,180)	(8,770,231)
Purchase of Fixed Assets	(2,585)	(97,090)
CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(3,166,067)	(7,191,487)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Bond Issue	-	68,925,000
Bonds Redeemed	-	(66,810,000)
Bond Issue Costs	-	(734,883)
CASH INFLOW FROM FINANCING ACTIVITIES	-	1,380,117
NET DECREASE IN CASH AND SHORT TERM FUNDS	(3,855,170)	(2,476,872)
CASH AND SHORT TERM FUNDS AT THE BEGINNING OF THE YEAR	9,213,530	11,690,402
CASH AND SHORT TERM FUNDS AT THE END OF THE YEAR	**$5,358,360**	**$9,213,530**

The attached Notes form part of these Financial Statements.

FIXED ASSETS SCHEDULE
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

	Motor Vehicle	Computer Equipment	Furniture & Fixtures	Machinery & Equipment	TOTAL 2006	TOTAL 2005
Cost						
Balance Brought Forward	107,000	304,935	39,397	31,344	482,676	385,586
Additions	-	-	2,585	-	2,585	97,090
Disposals	-	(43,811)	-	-	(43,811)	-
Cost Carried Forward	107,000	261,124	41,982	31,344	441,450	482,676
Depreciation						
Balance Brought Forward	71,329	218,437	36,262	8,992	335,020	272,303
Charge for Year	21,400	44,089	1,193	4,191	70,873	62,717
Disposals	-	(43,811)	-	-	(43,811)	-
Depreciation Carried Forward	92,729	218,715	37,455	13,183	362,082	335,020
Net Book Value	**$14,271**	**$42,409**	**$4,527**	**$18,161**	**$79,368**	**$147,656**

As explained in Note 11 to the Financial Statements the Fixed Assets are pledged to secure the Bonds in Issue.

The attached Notes form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)

1 INCORPORATION

The Governments of Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, St Kitts Nevis, St Lucia and St Vincent and the Grenadines signed an agreement on 27 May 1994, to establish the Eastern Caribbean Home Mortgage Bank.

The Eastern Caribbean Home Mortgage Bank was formally established on 19 August 1994, in accordance with Article 40 of the Eastern Caribbean Home Mortgage Bank Agreement, which was incorporated in the Eastern Caribbean Home Mortgage Bank Agreement Act, and subsequently passed in the member territories.

2 PRINCIPAL ACTIVITY

The Principal activity of the Eastern Caribbean Home Mortgage Bank is to buy and sell mortgage loans on residential properties, in order to develop and maintain a secondary market in mortgages.

3 STATEMENT OF ACCOUNTING POLICIES

a) **Taxation:**

Under Section 5 sub-sections (1) and (2) of the Eastern Caribbean Home Mortgage Bank Agreement Act, 1994 the Bank is exempt from stamp duty and corporation tax.

b) **Fixed Assets:**

Fixed Assets are stated at historical cost. Depreciation is provided on the straight-line basis at rates estimated to write off the cost of the assets over their useful lives as follows:

Furniture and Fixtures	15%
Machinery and Equipment	15%
Motor Vehicles	20%
Computer Equipment	33 1/3%

c) **Bond Issue Costs:**

Bond Issue costs were incurred floating the various issues of tax-free bonds. These costs will be amortised over the duration of the respective bonds effective from their issue date (see note 11).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

3 **STATEMENT OF ACCOUNTING POLICIES (cont'd)**

d) **Investments:**

Investments are classified into the following categories: available-for-sale and held-to-maturity. Investments intended to be left for an indefinite period of time, which may be sold in response to needs for liquidity or changes in prices are classified as available-for-sale. Investments with fixed maturity where the bank has the positive intent and ability to hold them to maturity are classified as held-to-maturity. Management determines the appropriate classification of its investments at the time of the purchase.

Investments are initially recognized at cost. Fair value of investments in equity instruments that do not have a quoted market price in an active market is recognized at cost once they are not impaired.

e) **Pension Plan:**

The Bank's contributions to the defined contribution pension plan are charged to the statement of income in the period to which the contributions relate.

4 **CASH AND SHORT TERM FUNDS**

	2006	2005
Cash with Banks	5,357,860	9,213,391
Cash on Hand	500	139
TOTAL (Page 16)	**$5,358,360**	**$9,213,530**

5 **ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	2006	2005
Accrued Interest on Deposits	445,012	373,012
Mortgage Payments Receivable	443,793	395,933
Sundry Debtors	82,754	25,674
Mortgage Origination Loan	2,000,000	-
TOTAL (Page 16)	**$2,971,559**	**$794,619**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

6 **MORTGAGES RECEIVABLE**

	2006	2005
Territory		
Antigua and Barbuda	9,055,100	9,771,035
St Lucia	19,934,120	20,569,370
Grenada	1,651,627	3,237,863
St Kitts and Nevis	9,984,926	7,798,864
St Vincent and the Grenadines	37,735,239	32,847,700
TOTAL (Page 16)	**$78,361,012**	**$74,224,832**

Terms and Condition of Purchased Mortgages

1 **Purchase of Mortgages:**

The Bank entered into a Sale and Administration Agreement with certain Commercial Banks and Primary Lending Institutions in the OECS territories for the purchase of mortgages. The mortgages were purchased at the outstanding principal on the settlement date.

2 **Recourse to Commercial Banks and Other Primary Lending Institutions:**

Under the terms of the Sale and Administration Agreement, the Administrator (Primary Lending Institutions) warrants that any default, loss or title deficiency occuring during the life of the loans secured by the Purchased Mortgages will be remedied and the Purchaser (ECHMB) protected against resulting loss.

3 **Administration Fees:**

Under the terms of the Sale and Administration Agreement between the Bank (ECHMB) and each Primary Lending Institution, the Primary Lending Institution is responsible for administering the mortgages on behalf of the Bank at an agreed fee on the aggregate principal amount, excluding any accrued interest, penalties or bonuses, outstanding at the beginning of the month in reference.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

7 CAPITALISED COSTS

	2006	2005
Total Bond Issue Costs	1,064,831	1,064,831
Less: Costs Amortised	(476,509)	(346,730)
	588,322	718,101
Pre-implementation Cost - Mortgage System	399,754	399,754
TOTAL (Page 16)	$988,076	$1,117,855

The bond issue costs are being amortised over the duration of the life of the respective bonds.

Pre-implementation cost - mortgage system represents expenses incurred on the project to integrate the servicing systems of Primary Lenders with that of the Bank. Implementation of the project is expected to be completed by September 2006, thus amortization of the cost will commence in the next accounting year.

8 DEFERRED EXPENSES

	2006	2005
a) Mortgage Premium Paid	87,185	87,185
Less: Premium Amortised	(16,741)	(15,720)
Amount to be Recovered	(70,444)	-
	-	71,465
b) Defined Contribution Plan		
Past Service Contribution	114,037	-
Less: Amount Amortised	(16,291)	-
	97,746	-
TOTAL (Page 16)	$97,746	$71,465

c) Mortgage Premium

Mortgage premium represents an amount paid in excess of the outstanding balance of a mortgage pool on the settlement date. The premium was intended to be written off over the average remaining term of the pool.

However, during the year under review, the Bank agreed to a restructuring of the mortgage pool resulting in a decrease in the interest rate charged to mortgagors. As a result, the Bank reclaimed from the mortgagee the unauthorized portion of the premium at the date of the restructuring.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

8 **DEFERRED EXPENSES (cont'd)**

b) Past Service Contribution:

The Bank established a defined contribution plan for its employees during the year under review. The directors agreed for the Bank to make a one-off contribution to the plan on the behalf of existing employees to cover past services. The amount is to be amortized over a period of seven (7) years.

9 **INVESTMENTS**

	2006	2005
Available-for-sale securities		
Eastern Caribbean Securities Exchange		
10,000 Class D Shares of $10 each (Page 16)	100,000	100,000
Held-to-maturity		
Term Deposits	42,000,000	43,000,000
TOTAL (Page 16)	**$42,100,000**	**$43,100,000**

Term Deposits attracted interest rates varying between 7% to 8.5% (2005 = 7.50% to 8.24%) during the year under review.

10 **ACCOUNTS PAYABLE AND ACCRUALS**	2006	2005
Accrued Interest on Bonds	1,043,397	1, 043,397
Sundry Creditors and Accruals	461,628	427,136
TOTAL (Page 16)	**$1,505,025**	**$1,470,533**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

11 **BONDS IN ISSUE**

	2006	2005
Balance at the beginning of the year	111,480,000	109,365,000
Add: Issues during the year	-	68,925,000
Less: Redemption during the year	-	(66,810,000)
Balance at the end of the year (Page 16)	**$111,480,000**	**$111,480,000**

a) The bonds are secured by debentures over the fixed and floating assets of the Bank. Interest is payable semi-annually in arrears at rates varying between 5% to 6% (2005 = 5% to 6%).

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

	2006	2005
Within 1 year	6,000,000	-
1 to 2 years	13,805,000	6,000,000
2 to 3 years	-	13,805,000
3 to 4 years	6,150,000	-
4 to 5 years	43,455,000	6,150,000
Over 5 years	42,070,000	85,525,000
	$111,480,000	**$111,480,000**

c) The bonds are tax free.

12 SHARE CAPITAL

	2006	2005
Authorised:		
400,000 Shares of $100 each	$40,000,000	$40,000,000
Application and Allotment		
100,000 Shares of $100 each		
Class A	2,500,000	2,500,000
Class B	1,500,000	1,500,000
Class C	2,486,700	2,000,000
Class D	1,513,300	1,000,000
Class E	-	1,000,000
Class F	2,000,000	2,000,000
TOTAL (Page 16)	$10,000,000	$10,000,000

Dividend of $10 per share (amounting to $1,000,000) in respect of 2005 was paid during the year.

In addition, a dividend of $10 per share (amounting to $1,000,000) in respect of 2006 has been declared by the Directors. This dividend has not been recorded as a liability on the balance sheet.

13 RESERVE FUNDS

	2006	2005
Building Reserve Fund	2,027,821	1,777,487
Portfolio Risk Reserve Fund	1,527,821	1,277,487
TOTAL (Page 16)	$3,555,642	$3,054,974

In March 2004, the Board of Directors approved the creation of two special reserve accounts, a Building Reserve Fund and a Portfolio Risk Reserve Fund. After the initial transfers from Retained Earnings, the Directors also agreed to an annual allocation to each reserve fund of 20% of profits after the appropriation for dividends, effective March 31, 2005.

The Board of Directors considered it prudent, in light of the emerging trend in refinancing, to create a Portfolio Risk Reserve Fund to provide cover against general risks associated with the Secondary Mortgage Market.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006 (Expressed in Eastern Caribbean Dollars) (Continued)

14 STAFF PENSION PLAN

During the year under review, the Bank instituted a defined contribution plan for its employees. Contribution to the plan for the year ended 31 March 2006 amounted to $46,460. In addition, the Bank committed to make a one-off contribution of $114,037 on behalf of existing employees for past periods of service. This amount is being amortized over seven (7) years.

15 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

At 31 March 2006, the Board of Directors approved capital expenditure in the amount of $226,525 in respect of the project to integrate the servicing systems of Primary Lenders with that of the Bank for the ensuing year, and the aquisition of new computer equipment and a motor car (2005 = $106,525).

There were no outstanding contingent liabilities at 31 March 2006 (2005 = Nil).

16 BONDS EXPENSES

	2006	2005
Interest on Bonds	6,173,100	6,490,902
Bond Issue Costs Amortised	129,779	141,520
Trustee Fees	4,969	8,100
Sundry Bond Expenses	44,350	31,234
TOTAL (Page 17)	**$6,352,198**	**$6,671,756**

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income by the number of shares in issue during the year.

	2006	2005
Net Income for Year	**$2,251,672**	**$2,387,434**
Number of Shares in issue	100,000	100,000
Basic Earnings per Share	**$22.52**	**$23.87**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

18 FINANCIAL INSTRUMENTS

a) Interest rate risk:

Differences in maturities of financial instruments create rate gap and may expose the Bank to interest rate risk. Interest rates and terms of borrowing are disclosed in Note 11. Interest rates on short-term deposits range from 7% to 8.5% per annum (2005 = 7.5% to 8.24% per annum).

b) Credit risk:

Credit risk arises from the possibility that counterparties may default on their obligation to the Bank. The amount of the Banks maximum exposure to credit risk is indicated by the carrying amount of its financial assets. Financial instruments which potentially expose the Bank to concentration of credit risk consist primarily of fixed deposits and mortgages receivable. The Bank performs ongoing credit evaluations of its counterparties financial condition and management believes that no provision is required at 31 March 2006.

c) Currency risk:

Substantially all the Banks transactions and assets and liabilities are denominated in Eastern Caribbean Dollars or United States Dollars. Therefore, the Bank has no significant exposure to currency risk.

d) Fair Value:

The carrying amounts of the following financial assets and liabilities approximate their fair value: Cash and Bank Balances, Short Term Deposits, Accounts Receivable, Investments, Mortgages Receivable, Accounts Payable and Bonds in Issue.

19 LIQUIDITY RISKS

Liquidity risks arise from fluctuations of cash flows. The liquidity risk management process ensures that the Bank is able to honour all its financial commitments as they fall due. The matching of the maturities and interest rates of assets and liabilities is fundamental to the liquidity risk management process.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006
(Expressed in Eastern Caribbean Dollars)
(Continued)

19 **LIQUIDITY RISKS** (cont'd)

Analysis of major assets and liabilities into relevant maturity grouping is as follows:

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
As at 31 March 2006				
Assets				
Cash and Short Term Funds	5,358,360	-	-	5,358,360
Investments	27,000,000	15,000,000	100,000	42,100,000
Accounts Receivable and Prepayments	2,971,559	-	-	2,971,559
Mortgages Receivable	9,480,579	42,231,667	26,648,766	78,361,012
Liabilities				
Accounts Payable and Accruals	1,505,025	-	-	1,505,025
Bonds in Issue	6,000,000	63,410,000	42,070,000	111,480,000

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
As at 31 March 2005				
Assets				
Cash and Short Term Funds	9,213,530	-	-	9,213,530
Investments	43,000,000	-	100,000	43,100,000
Accounts Receivable and Prepayments	794,619	-	-	794,619
Mortgages Receivable	2,535,445	13,474,098	58,215,289	74,224,832
Liabilities				
Accounts Payable and Accruals	1,470,533	-	-	1,470,533
Bonds in Issue	-	25,955,000	85,525,000	111,480,000

20 **COMPARATIVE FIGURES**

Certain items in the balance sheet and income statement have been classified differently in order to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reclassified in order to achieve comparability with the current period. The items which have been reclassified are as follows:

a) Investments – an amount of $43,000,000 included in Investments has been reclassified from Cash and Short Term Funds.

b) Directors Fees and Expenses – an amount of $65,447 included in Directors Fees and Expenses has been reclassified from Promotional Activities.

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