

**STATEMENT BY THE CHIEF MINISTER OF ANGUILLA
THE HONOURABLE HUBERT HUGHES**

on

The Eastern Caribbean Central Bank Assuming Control of the
Caribbean Commercial Bank (CCB) and the National Bank of Anguilla Ltd (NBA)

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Fellow citizens and residents of Anguilla.

In recent times there has been great unease about the operations and performance of the two indigenous banks in Anguilla, the Caribbean Commercial Bank (Anguilla) Limited (CCB) and the National Bank of Anguilla Limited (NBA). This has given the government cause for concern. Part of this concern is due to the fact that they are the two largest financial institutions in the country, together accounting for 76.7 per cent of the total assets of the banking sector.

The global economic and financial crisis has hit the country's major sectors, tourism and construction and this has had a significant impact on the performance of loans to these sectors. The banks have been facing a number of challenges including: poor earnings performance, declining asset quality, high levels of non-performing loans, weak corporate governance and the inability of their managements to reverse the situation.

The organs of the ECCB, the Monetary Council and the Ministerial Sub-committee on Banking, after due consideration and representations by the Government of Anguilla, which is a member of the Monetary Council and the Ministerial Sub-committee, decided to invoke Part IIA, Article 5B of the ECCB Agreement Act 1983.

This step has not been taken lightly and extensive discussions have taken place with the Foreign and Commonwealth Office of the British Government and they too have concurred with this action.

With the ECCB's assumption of control, the management of the CCB and the NBA will be undertaken by teams of seasoned professionals from the ECCB, IMF and the World Bank as well as regional banking experts. The daily operations of the banks will be carried out by the current staff of the respective banks under the supervision and close monitoring of the ECCB with a

change only in senior management and the Board. Under the guidance of the ECCB and the other institutions work will be undertaken to restore these banks to a state of normalcy.

The Government of Anguilla and the ECCB will also continue to collaborate to ensure that the relevant measures are put in place to protect the interests of depositors and creditors of the CCB and the NBA. The Government is committed to ensuring the safety and soundness of the banking system in Anguilla and therefore fully supports the ECCB in its efforts to address the challenges which the banks are currently facing.

The ECCU member governments have agreed that the three critical policy areas at this time are growth, financial stability and fiscal stability. However, the efforts to attain financial and fiscal stability will not be successful unless there is some economic growth. We therefore intend to initiate discussions with the British Government on a public sector investment development programme for the long term sustainability of the Anguillan economy.

In terms of the private sector, as Chief Minister and Minister of Finance from February 16th 2010 I immediately recognised the fundamental weaknesses in Anguilla's economy especially as it related to two the most important tourism projects, namely the Cap Juluca Resort Project and the Flags Luxury Properties Golf Course Resort Project both of which were mired in legal and financial difficulties and sought to get them stabilised so that they could generate the employment and economic activity expected of such large projects.

I have also sought to diligently encourage investment in other areas crucial to expanding Anguilla's tourism product such as yachting marinas. Anguilla's reconstruction on sustainable basis ultimately will hinge on a vibrant private sector driven tourism in the short to medium term and diversification into other areas over the long-term. However, to facilitate this private sector development Anguilla needs investment in critical areas such as air and seaport infrastructure as well road development.

I trust that the UK Government will partner with us in this regard. It is no secret that relations between my Administration and the UK Government have been fractious as we debated the best direction for Anguilla out of this economic and financial depression which has overtaken us. I have made no secret of the fact that for my administration, sustainable finances could only be

predicated on a growing and vibrant economy. I believe that message is beginning to be accepted by the UK Governemnt and I am heartened by the fact that the new Governor Her Excellency Christina Scott has declared her priority to be the economic regeneration of Anguilla. Generally I am hopeful that UKG will be supportive of initiatives to promote a strong economy for Anguilla underpinned by a robust financial system.

The ECCU member countries have conceived the strategy for growth in the context of the OECS Economic Union and Anguilla will therefore seek to join the arrangement as soon as possible with the appropriate dispensation from the British Government. I wish to place on record my sincere thanks to my fellow members of Council for their support at this time.

I appeal to you, the citizens and residents of Anguilla for your understanding, patience and support as we work to resolve the issues that led to the need for this course of action which has been taken with the interest of the people of Anguilla in mind.