

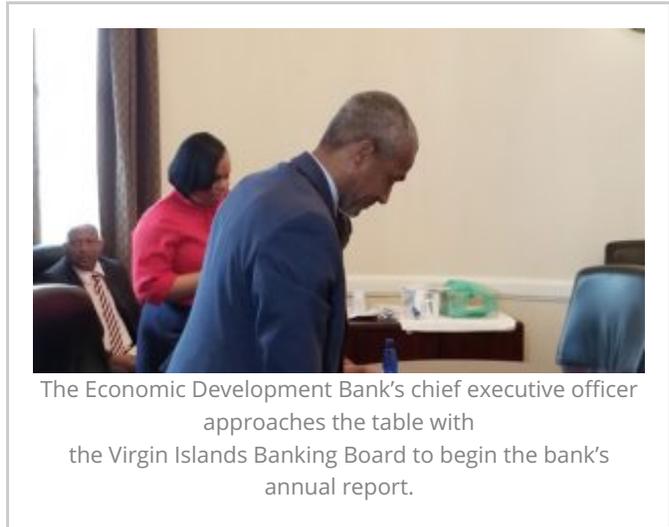
## EDA Bank Claims Success from 'Risky Loans'

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The Economic Development Bank has seen success with giving out what might be described as “risky loans” to residents of the territory according to the bank’s chief financial officer Ernest Halliday.

During a meeting with the Virgin Islands Banking Board on Wednesday the bank gave their annual report which recounted the bank’s financial health and how its loan programs help farmers, fisherman and residents obtain loans they may not be able to get through a traditional bank.



“The Economic Development Bank provides loan guarantees and equity infusion to help minority, small, and medium-sized businesses to maintain economic stability and grow into mainstream commercial banking customers. The DB works with local commercial banks by providing loan guarantees, thereby reducing the risks to the banks,” Halliday said.

This means that a potential applicant must be rejected from a commercial bank before they can come to the Economic Development Bank and apply for a loan, Halliday said.

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“We do what others may call risky loans but even though they may be riskier for another bank we do them because we see a lower delinquency and therefore profit, and promote economic development in the territory,” Halliday added.

The bank’s presentation disclosed that the entity has nearly \$14 million in assets and is funded primarily through local government appropriations. Five separate funds were created within the bank with their own balancing records that allocate government funds to specific objectives. They are the Frederiksted Revolving Loan Fund, the Farmer’s and Fishermen Loan Fund, the SBDA Revolving Loan Fund, the PFA 7081 Loan Fund, and the Micro Loan Fund.

“Each of these funds is a revolving fund and their balances remain available without any fiscal year limitation,” Halliday said. He added that the funds are replenished when borrowers repay loans, interest accrues on the loans given, and fees are collected from late payments.

The bank, a subsidiary entity to the Virgin Islands Economic Development Authority, operates as a last resort lender, said the bank’s acting director of lending Monique Samuel.

“But that doesn’t negate the fact that we do a thorough review of the application. We will often times hear that the process is hard and that other entities give them (borrowers) a hard time. We are a bank and as a bank we go through the application just as others do, but the only difference is our goals in terms of wanting to assist and continue to foster this economy...,” Samuel said.

While the structure for the loans and funding is in place for residents and businesses, farmers and fishermen in the territory often times don’t receive as much benefit as they could, said Rosalie Javois, who sits on the Virgin Islands Banking Board.

Javois said that many fisherman and farmers do not know of the availability of the loans, suggesting the Farmers and Fisherman Loan Fund’s program doesn’t reach who it needs to. She said that “they are our bread and could be our butter” if the bank reached out to more of them and met them where they are.

Samuel said that the bank would try further marketing strategies to reach both farmers and fishermen but that sometimes it comes down to lack of required documentation from the borrower when submitting a report.

“One of the issues is that farmers and fishermen come to us for a loan, but they don’t have anything in terms of actual data and records,” Halliday said.

Javois, who said her heart beats for the farmers and fishermen of the territory, requested the bank further educate and promote the loans that offer relief to those two industries.