

RATING RELEASE

July 3, 2018

**CariCRIS reaffirms “adequate” creditworthiness for
Eastern Caribbean Home Mortgage Bank**

***CariBBB+* (Regional Scale Foreign and Local Currency Ratings)**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the ratings assigned to the USD 30 million debt issue of Eastern Caribbean Home Mortgage Bank (ECHMB or the Bank) of ***CariBBB+*** on the regional rating scale (Foreign and Local Currency Ratings). These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean, is **adequate**.

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is based on our expectation that ECHMB will continue to display comfortable profitability and capitalization levels over the next 12 months as the Bank fully transitions into its new business model.

The reaffirmation is driven by ECHMB’s continued efforts towards fully transitioning into its new business model which has resulted in the resumption of growth to its asset base as well as its investment portfolio. The Bank also exhibited adequate liquidity levels and improving cost of funds alongside a healthy financial performance supported by continued growth in income and profitability. ECHMB’s adequate risk management and governance structures which are guided by updated policies, with oversight by the Board of Directors further support the ratings. These rating strengths are tempered by the Bank’s heightened exposure to financial risks arising from significant exposure to the prevailing economic challenges in the Organisation of Eastern Caribbean States (OECS).



**Caribbean Information &
Credit Rating Services Limited**

About the company:

Eastern Caribbean Home Mortgage Bank (ECHMB) was created pursuant to the ECHMB Agreement Act (1995) and commenced operations on April 22, 1996. It is a privately managed corporation and the current 65 shareholders are all financial institutions from the Organisation of Eastern Caribbean States (OECS) as well as from the wider Caribbean. These financial institutions include the Eastern Caribbean Central Bank (ECCB), commercial banks, social security agencies, insurance companies, mortgage companies, building and loan associations and credit unions. The largest shareholder is the ECCB, which currently holds 24.9% of ECHMB's total shareholding.

ECHMB was established with the primary objective of developing the secondary mortgage market within 8 participating member countries of the OECS, namely Anguilla, Antigua & Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. The main activity of the Bank has traditionally been the purchase and sale of mortgages so as to develop and maintain a secondary market for residential mortgages in the member territories. In FY2016¹, following years of deteriorating mortgage market conditions, ECHMB expanded its mandate so as to become more relevant to its changing external environment. Given its considerably increased cash and investment portfolio in relation to its mortgage assets, the Bank, with the support of its Board of Directors, decided to place more emphasis on the investment side of the business by broadening the range of financial assets in which it can invest and simultaneously widening the permissible jurisdictions for its investments to include the wider Caribbean region and the United States.

For more information on ECHMB's ratings, please visit www.caricris.com or contact:

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¹ Financial Year refers to April 1 to March 31.