



Caribbean Information &  
Credit Rating Services Limited

## MEDIA RELEASE

June 5, 2013

### **CariCRIS reaffirms its high creditworthiness ratings for Eastern Caribbean Home Mortgage Bank**

**Issue Ratings** (For debt size of US \$30 million or equivalent)

*CariAA-* (Regional Scale Foreign Currency)

*CariAA-* (Regional Scale Local Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS), the Caribbean regional credit rating agency, has reaffirmed the ratings for Eastern Caribbean Home Mortgage Bank (ECHMB) of *CariAA-* (Foreign Currency Rating) and *CariAA-* (Local Currency Rating) on the regional rating scale to the debt issue of the size of US \$30 million. These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean<sup>1</sup> is **high**.

ECHMB's creditworthiness continues to reflect the Bank's low credit risk business model and excellent asset quality which are supported by its strong operational and underwriting systems, underpinned by its legislative and operational framework. Additionally, the Bank continues to report good profitability with stable interest rate spreads and return on assets. The Bank has an experienced and qualified management team which is well supported by a reputable Board of Directors (BOD). The Chief Executive Officer's contract expired in May 2013 and according to the Act, the Chief Financial Officer would oversee operations until such time that a successor has been identified. Further supporting the ratings is its status as a regional financial institution with support from the premier financial institution in the Organization of Eastern Caribbean States (OECS). The ratings are tempered by the negative impact of the

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<sup>1</sup> The term Caribbean as used here covers the following countries: Bahamas, Barbados, Belize, Costa Rica, Dominican Republic, Guyana, Haiti, Jamaica, Panama, Suriname, Trinidad and Tobago and the following countries in the OECS: Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, Saint Lucia and St. Vincent & the Grenadines. Refer [www.caricris.com](http://www.caricris.com) for a more detailed explanation on CariCRIS ratings and rating definitions.



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ongoing recession on the business environment in which the Bank operates, manifested in strong credit concerns due to delayed payments by Primary Lenders. Any default or delays in payment could result in a weakening of ECHMB's asset quality and financial performance in the future. Although there was a slight easing of overall liquidity pressures in the region, there remain pockets of tight liquidity in some markets in which ECHMB operates. Furthermore, exposure to the largely unregulated non-bank financial institutions in the ECCU remained high in FY2012/13; although declining. Moreover, the mortgage portfolio reflects a fair degree of Group concentration while the investment portfolio reflects a high degree of counterparty concentration.

***About the company:*** ECHMB was created pursuant to the ECHMB Agreement Act (1995) and commenced operations on April 22, 1996. Its primary objective is the development of 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. ECHMB is a privately<sup>2</sup> managed corporation and the current 65 shareholders are strictly financial institutions from the OECS as well as the wider Caribbean. These financial institutions includes the Eastern Caribbean Central Bank (ECCB), commercial banks, social security agencies, insurance companies, mortgage companies, building and loan associations, development banks and credit unions. The largest shareholder, the ECCB, holding 24.9%, is the premier financial institution in the OECS.

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<sup>2</sup> The company does not offer or trade its company stock to the general public on the stock market exchanges.



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*Please visit [www.caricris.com](http://www.caricris.com) for the detailed rating rationale on ECHMB*

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