



# **EASTERN CARIBBEAN HOME MORTGAGE BANK**

## **25<sup>th</sup> BOND ISSUE (2<sup>nd</sup> and 3<sup>rd</sup> Issues)**

### **Addendum to the Bond Terms and Conditions**

The purpose of the Addendum is to notify the public of the following changes to the Prospectus for the 2<sup>nd</sup> and 3<sup>rd</sup> Tranches of ECHMB's 25<sup>th</sup> Bond Issue, first published in December 2013.

#### **Notice to the Investors**

This is an Addendum to the Prospectus first published in December 2013

#### **3.0 Bonds Terms and Conditions**

- Issue Amounts : The issue of Tranche 2 is cancelled
- The Issue amount of the 3<sup>rd</sup> Tranche has been reduced from \$49,560,000 to \$30,000,000
- Tenors : The 3<sup>rd</sup> tranche totaling \$49,560,000 with a tenor of 4 Years is amended as follows:-
- |                         |              |        |
|-------------------------|--------------|--------|
| 3 <sup>rd</sup> Tranche | \$30,000,000 | 1 year |
|-------------------------|--------------|--------|
- Coupon Rates : The coupon rate of the 3<sup>rd</sup> Tranche was changed from 4.30 % to the following:-
- 3<sup>rd</sup> Tranche-Competitive Bid Auction up to a maximum of 3.25%
- Trading Symbols : The trading symbol was changed from HMB207218 to the following:-
- |                         |           |
|-------------------------|-----------|
| 3 <sup>rd</sup> Tranche | HMB207215 |
|-------------------------|-----------|

#### **9.0 Particulars of the Listed and Unlisted Securities Issued**

##### **Outstanding Securities 31<sup>st</sup> May 2014**

- |        |   |  |
|--------|---|--|
| Delete | - | Twenty second (22) Bond (tranche 1) redeemed 26 March 2014 |
| Added  | - | Twenty fifth (25) Bond (tranche 1) issued 26 March 2014    |



### 3.0 BOND TERMS AND CONDITIONS

Issuer : Eastern Caribbean Home Mortgage Bank (“ECHMB”)

Instrument Type : Secured Fixed Rate (Tax-free) Bond (“The Bond”).

Auction Dates & Settlement Dates :

<b>Tranche</b>	<b>Auction Date</b>	<b>Settlement Date</b>
1 <sup>st</sup> Tranche	25 <sup>th</sup> March 2014	26 <sup>th</sup> March 2014
3 <sup>rd</sup> Tranche	1 <sup>st</sup> July 2014	2 <sup>nd</sup> July 2014
4 <sup>th</sup> Tranche	26 <sup>th</sup> August 2014	27 <sup>th</sup> August 2014

Issue Dates & Issue Amounts :

<b>Tranche</b>	<b>Issue Date</b>	<b>Issue Amount</b>
1 <sup>st</sup> Tranche	26 <sup>th</sup> March 2014	\$24,984,700
3 <sup>rd</sup> Tranche	2 <sup>nd</sup> July 2014	\$30,000,000
4 <sup>th</sup> Tranche	27 <sup>th</sup> August 2014	\$35,043,300

Tenors :

<b>Tranche</b>	<b>Tenor</b>	<b>Redemption Date</b>
1 <sup>st</sup> Tranche	3 Years	26 <sup>th</sup> March 2017
3 <sup>rd</sup> Tranche	1 Years	2 <sup>nd</sup> July 2015
4 <sup>th</sup> Tranche	4 Years	27 <sup>th</sup> August 2018

Coupon Rates :  
 1<sup>st</sup> Tranche-Competitive Bid Auction up to a maximum of 4.25%  
 3<sup>rd</sup> Tranche-Competitive Bid Auction up to a maximum of 4.30%  
 4<sup>th</sup> Tranche-Competitive Bid Auction up to a maximum of 3.25%

Over-Allotment Option : No Over-Allotment Option

Registrar, Transfer and Paying Agent : Eastern Caribbean Central Securities Registry (ECCSR)  
 ECCB Complex, P. O. Box 94, Bird Rock, Basseterre, St. Kitts.

Use of Proceeds : To redeem the following Bonds:

<b>Bond</b>	<b>Tranche</b>	<b>Amount</b>
Bond-5	-	\$11,300,000
Bond -22	1	\$24,984,700
Bond-22	2	\$49,560,000
Bond -22	3	\$35,043,300

Interest Payments & Due Dates : Semi-annually in arrears commencing six (6) months after each Issue Date, for the duration of the Bond. If the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date shall be the date of the immediately preceding day which is a Business Day.

Bullet at maturity

Principal Repayment Security : Fixed and floating charges on the assets of ECHMB, ranking pari passu with ECHMB’s Existing Bonds and the Caribbean

		Development Bank (CDB) Long Term Loan of US\$10,000,000 pursuant to a Loan Agreement of 31 <sup>st</sup> January, 2008.								
<u>Issuer Rating</u>	:	On the 4 <sup>th</sup> June 2013 CariCRIS has assigned ratings of CariAA- (Foreign Currency Rating) and CariAA- (Local Currency Rating) on its regional rating scale on the debt issue of the size of US\$30,000,000 of the ECHMB.								
<u>Minimum Bid and Bid Multiplier</u>	:	The Bond will be issued in multiples of \$5,000 and the minimum bid amount is \$5,000.								
<u>Governing Law</u>	:	The Issue will be governed according to the laws of Grenada.								
<u>Trading Platform</u>	:	Each Tranche of the Bond will be issued on the Eastern Caribbean Securities Market (ECSM).								
<u>Method of Issue</u>	:	Uniform Price Auction								
<u>Trading Symbol</u>	:	The trading symbols will be:-								
		<table border="0"> <thead> <tr> <th style="text-align: left;"><b>Tranche</b></th> <th style="text-align: left;"><b>Trading Symbol</b></th> </tr> </thead> <tbody> <tr> <td>1<sup>st</sup> Tranche</td> <td>HMB2603217</td> </tr> <tr> <td>3<sup>rd</sup> Tranche</td> <td>HMB207215</td> </tr> <tr> <td>4<sup>th</sup> Tranche</td> <td>HMB2708218</td> </tr> </tbody> </table>	<b>Tranche</b>	<b>Trading Symbol</b>	1 <sup>st</sup> Tranche	HMB2603217	3 <sup>rd</sup> Tranche	HMB207215	4 <sup>th</sup> Tranche	HMB2708218
<b>Tranche</b>	<b>Trading Symbol</b>									
1 <sup>st</sup> Tranche	HMB2603217									
3 <sup>rd</sup> Tranche	HMB207215									
4 <sup>th</sup> Tranche	HMB2708218									
<u>Bidding Parameters</u>	:	Each investor will be allowed one bid with the option to increase the amount of the bid at any time during the bidding period.								
<u>Broker Fees</u>		Investors can participate in the issue through the services of any of the Licensed Intermediaries, on such terms and such conditions as may be determined by the Intermediary.								
<u>Expenses of the Offer</u>		<p>The expenses associated with this 25<sup>th</sup> Bond Issue of \$120,888,000 are estimated at \$500,000, including cost of marketing the Bond Issue and preparation and printing of the Prospectus, payable by ECHMB.</p> <p>There are no commissions payables by ECHMB to any person in consideration of his agreeing to subscribe for the Bond Issue or his procuring or agreeing to procure subscriptions for this Bond Issue.</p>								
<u>List of Licensed Intermediaries who are Members of the ECSE</u>	:	<ul style="list-style-type: none"> <li>▪ ABI Bank Limited</li> <li>▪ Bank of Saint Vincent and the Grenadines Limited</li> <li>▪ ECFH Global Investment Solutions Limited</li> <li>▪ First Citizens Investment Services Limited</li> <li>▪ St. Kitts Nevis Anguilla National Bank Limited</li> <li>▪ The Bank of Nevis Limited.</li> </ul>								

## **4.0 BOND ADMINISTRATION AND MANAGEMENT**

- 4.1 The Bond will be in registered transferable form without interest coupons. The issue of the Bond was authorized by a Resolution of the Eastern Caribbean Home Mortgage Bank passed on 26<sup>th</sup> September 2013 in conformity with the provisions of the Eastern Caribbean Home Mortgage Bank Agreement Act, No. 8 of 1995, and is also guided by the following:-
- Corporate Resolution dated 26<sup>th</sup> September 2013, authorizing the 25<sup>th</sup> Bond Issue.
- 4.2 The foregoing documents will be available for inspection during usual business hours on any weekday (public holidays excepted) for a period of thirty (30) days from the date of issuance of this Prospectus. The foregoing documents will also be available prior to the Settlement Date at the office of the Eastern Caribbean Home Mortgage Bank, ECCB Complex, Bird Rock Road, Basseterre, St. Kitts and will also be available for inspection at the Offices of Licensed Intermediaries listed in Section 3.0 above.

## **5.0 TITLE AND DENOMINATIONS**

- 5.1 The Bond shall be transferable as personal property, and title will pass upon registration of a proper instrument of transfer. The Bond will be held in a dematerialized form and the instrument of transfer will be accompanied by Certification of ownership delivered to the Bondholder by the ECCSR. ECHMB and the ECCSR may treat the registered holder of any Bond as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft or of trust or other interest therein) and the Register of Bondholders shall (in the absence of willful default, bad faith or manifest error) at all times be conclusive evidence of the amount of Bond held for each Bondholder for the purpose of making payment and for all other purposes. The Bond will be issued in multiples of \$5,000 and the minimum bid amount is \$5,000. Each Bondholder will be notified by the ECCSR of the amount of the investment and provide Certification of ownership and investor identification account information.

### 5.2. Status

The principal monies and interest represented by the Bond will be direct, unconditional and secured obligations of ECHMB and will rank *pari passu*, without any preference among themselves.

### 5.3. Debenture

The due payment of the principal and interest in respect of the Bond (and all monies payable by ECHMB) will be secured by a Debenture over the fixed and floating assets of ECHMB.

### 5.4. Interest

#### 5.4.1 Accrual of Interest

The Bond will bear interest from and including the "Issue Date" (which expression means 26<sup>th</sup> March 2014 for the 1<sup>st</sup> Tranche; 3<sup>rd</sup> Tranche - 2<sup>nd</sup> July 2014; for the 4<sup>th</sup> Tranche 27<sup>th</sup> August 2014. Interest in respect of the amount of Bonds represented by each registered Bond will accrue from day to day and will cease to accrue from the due date for repayment thereof. A year represents 365 days.

#### 5.4.2 Interest Payment Dates, Interest Periods and Arrears of Interest.

Interest in respect of the Bond shall be payable on each Interest Payment Date, in respect of the Interest Period ending on the day immediately preceding such date. Any interest in respect of the Bond not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date shall, so long as the same remains unpaid constitute "Arrears of Interest". Arrears of Interest may at the option of ECHMB be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Bondholders, but all Arrears of Interest in respect of all Bonds for the time being outstanding shall become due in full on the date fixed for any repayment pursuant to Section 5.7 below or on maturity of the Bond whichever is the earlier. If notice is given by ECHMB of its intention to pay the whole or any part of Arrears of Interest, ECHMB shall be obliged to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

As used herein:

"Interest Payment Date" means the date falling six calendar months after the Issue Date and thereafter each date which falls six calendar months after the immediately preceding Interest Payment Date i.e. 26<sup>th</sup> March and 26<sup>th</sup> September for the 1<sup>st</sup> Tranche; 2<sup>nd</sup> January and 2<sup>nd</sup> July for the 3<sup>rd</sup> Tranche; and 27<sup>th</sup> February and 27<sup>th</sup> August for the 4<sup>th</sup> Tranche. If the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date shall be the date immediately preceding the day which is a Business Day. If for any reason an Interest Payment Date is so determined by the Paying Agent (as defined in sub-paragraph (c) below) to be, or to be deemed to be, the last Business Day of any calendar month all subsequent Interest Payment Dates shall (subject as provided below) be the last Business Day of each 26<sup>th</sup> March and 26<sup>th</sup> September for the 1<sup>st</sup> Tranche; 2<sup>nd</sup> January and 2<sup>nd</sup> July for the 3<sup>rd</sup> Tranche; and 27<sup>th</sup> February and 27<sup>th</sup> August for the 4<sup>th</sup> Tranche. If, however, after the determination of an Interest Payment Date the same is declared or determined not to be a Business Day then that Interest Payment Date will be re-determined on the above basis (mutatis mutandis) except that if such re-determination fails to be made 14 days or less before that Interest Payment Date as originally determined then that Interest Payment Date as re-determined will be postponed to the next day which is a Business Day even though such Business Day falls in the next calendar month. Subsequent Interest Payment Dates will in such event, nevertheless be determined as if that re-determined Interest Payment Date had fallen on the last Business Day of the calendar month in which it was originally determined to fall.

"Interest Period" means the period from and including one Interest Payment Date (or, as the case may be, the Issue Date) up to but excluding the next (or first) Interest Payment Date. "Business Day" means a day on which Commercial Banks are open for business in the Federation of St Kitts and Nevis.

#### 5.4.3 Rate of Interest

The Rates of Interest are fixed for the duration of the Bond as follows:-

- 1<sup>st</sup> Tranche-Competitive Bid Auction up to a maximum of 4.25%
- 3<sup>rd</sup> Tranche-Competitive Bid Auction up to a maximum of 3.25%
- 4<sup>th</sup> Tranche-Competitive Bid Auction up to a maximum of 4.30%

#### 5.4.4 Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Section 4, by the Paying Agent or the Trustee, shall (in the absence of willful default, bad faith or manifest error) be binding on ECHMB, and (in

the absence as aforesaid) no liability to the Bondholders shall attach to the Paying Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretion.

## 5.5. Redemption and Purchase

### 5.5.1 Redemption

The Bond shall be redeemed on the following dates:-

<b>Tranche</b>	<b>Redemption Date</b>
1 <sup>st</sup> Tranche	26 <sup>th</sup> March 2017
3 <sup>rd</sup> Tranche	2 <sup>nd</sup> July 2015
4 <sup>th</sup> Tranche	27 <sup>th</sup> August 2018

### 5.5.2 Services of Registrar, Transfer and Paying Agent

Upon purchase of the Bond by investors, the ECCSR will provide the services of Registrar, Transfer and Paying Agent to ECHMB's 25<sup>th</sup> Bond Issue. Accordingly, the register of Bondholders will be transferred and maintained electronically by the ECCSR. The ECCSR is a subsidiary of the ECSE. The ECCSR operates in a dematerialized environment.

The ECCSR will send to each Bondholder a notification regarding the Bondholders' investments in ECHMB's Bond and provide them with an update of their ownership every six months. Furthermore, every time there is a movement in the respective Accounts, the ECCSR will send the Bondholders an activity statement confirming the transactions, which will represent certification of ownership.

Bondholders will be given an Investor ID and Registry Account Number. The Investor ID is a nine-digit number followed by a two (2) alpha character country code. All joint holders are required to designate one of the joint holders to have responsibility for operating the Account, or the Account will have to be operated jointly.

## 5.6 Payments

Payments in respect of the Principal and Interest will be made by cheque drawn on a bank in any of the Eastern Caribbean Territories and by direct deposit to designated accounts. Cheques in respect of interest payments only will be mailed to Bondholders at the addresses appearing in the register of Bondholders.

## 5.7 Prescription

Any Principal and Interest payable that remains outstanding after the maturity date of the Bond shall be held by ECHMB in trust for the benefit of the Bondholder, for a period not exceeding seven (7) years after which all such amounts will be transferred to the Eastern Caribbean Central Bank, for the benefit of the Bondholder.

## 5.8 Replacement of Bond

Confirmation of ownership of a Bond to be replaced or otherwise shall be obtained directly from the Registrar, Transfer and Paying Agent at all times, on payment of such costs as may be incurred in connection therewith.

## 9.0 PARTICULARS OF LISTED AND UNLISTED SECURITIES ISSUED

### THE EASTERN CARIBBEAN HOME MORTGAGE BANK OUTSTANDING SECURITIES 31<sup>st</sup> December 2013

Bondholder	Amount	Interest Rate	Maturity Period	Issue Date	Maturity Date
Fifth (5 <sup>th</sup> ) Bond Issue	11,300,000	5.90%	15 years	14 June 1999	14, June 2014
Twenty second (22 <sup>nd</sup> ) tranche2	49,560,000	4.72%	3 Years	1, July 2011	1, July 2014
Twenty second (22 <sup>nd</sup> ) tranche3	35,043,300	4.497%	3Years	26, August 2011	26, August 2014
Twenty third (23 <sup>rd</sup> ) tranche1	27,637,000	4.0%	4 Years	30, January 2012	30, January 2016
Twenty third (23 <sup>rd</sup> ) tranche 2	18,770,000	4.0%	4 Years	28, Sept 2012	28, Sept 2016
Twenty fourth (24 <sup>th</sup> ) Tranche 1	21,505,000	3.75%	4 Years	30 January 2013	30 January 2017
Twenty fourth (24 <sup>th</sup> ) Tranche 2	31,200,000	3.750%	3 Years	1 July 2013	1 July 2016
Twenty fourth (24 <sup>th</sup> ) Tranche 3	30,000,000	3.749%	2 Years	2 July 2013	2 July 2015
Twenty fifth (25 <sup>th</sup> ) tranche1	24,984,700	4.0%	4 Years	25, March 2014	25, March 2018
Caribbean Development Bank (CDB) Long-Term Loan	18,750,000	3.95%	12 Years	March 5, 2009	March 5, 2021
<b>Total</b>	<b>268,750,000</b>				