

Rating

Rationale



Eastern Caribbean Home Mortgage Bank

USD 30 million Debt Issue	<i>CariAA-</i>	(Regional Scale Foreign Currency)
	<i>CariAA-</i>	(Regional Scale Local Currency)

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RATIONALE SUMMARY

Caribbean Information and Credit Rating Services Limited (CariCRIS), the Caribbean regional credit rating agency, has lowered its ratings on the debt issue of the size of USD 30 million of Eastern Caribbean Home Mortgage Bank (ECHMB) by one notch to *CariAA-* (Foreign Currency Rating) and *CariAA-* (Local Currency Rating) on its regional rating scale. These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean¹, is **high**.

The downgrade is driven mainly by the negative impact of the ongoing recession on the business environment in which the Bank operates, manifested in the tightening liquidity conditions being experienced by the indigenous banking sector across the Eastern Caribbean Currency Union (ECCU). High liquidity of the last few years have tightened as a result of the decline in economic activity and the waning of investor and business confidence as well as a higher risk aversion from the shocks to the financial sector both globally and regionally. The increasing exposure to the non-bank financial institutions (NBFIs) in the ECCU, which generally have a

¹ 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 for a more detailed explanation on CariCRIS ratings and rating definitions.

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lower credit risk profile relative to its commercial bank counterparts, also poses downside credit risks for ECHMB. Additionally, ECHMB's tardiness in the re-registration of its replaced loans increases its risk as the company has no legal ownership of these mortgages and will have no recourse if the Primary Lender (PL) fails.

The high creditworthiness of ECHMB continue to reflect the Bank's low credit risk business model, excellent asset quality and its status as a regional financial institution with support from the premiere financial institution in the ECCU. Also supporting the rating is the highly experienced and qualified management team which is well supported by a reputable Board of Directors (BOD). Additionally, ECHMB's operational and underwriting systems are strong, underpinned by its legislative and operational framework. The ratings are tempered by the challenging market conditions and relatively high exposure in a couple of markets which contributes to a fair degree of geographic asset concentration. In addition, there are constraints on ECHMB's resource-raising ability via public issues by competition from both corporates and sovereigns in the ECCU.

DETAILED RATIONALE

Low credit risk business model leading to excellent asset quality

ECHMB's business model is underpinned by a "with recourse" feature for all mortgages purchased for its portfolio from PLs leading to low credit risk and excellent asset quality. The asset base which is predominantly mortgages (79% of total earning assets as at December 2009) comprises only performing loans in its portfolio. All forty (40) mortgage pools from the fifteen (15) PLs (as at January 2010) are monitored on a daily basis and any mortgage which has been in default for three consecutive months is either replaced with a performing loan, or the PL is called upon to realise the security constituted by such mortgage. As a result the mortgage pool always consists of 100% performing loans leading to excellent asset quality. In addition, the PLs are contractually obliged to remit mortgage payments to ECHMB on the 28th day of every month whether or not the PL has received payment from the mortgagors, further enhancing the low credit risk model. CariCRIS believes the maintenance of the "with recourse" feature is critical for the business model's low credit risk.

To mitigate potential credit risk in its mortgage pool ECHMB conducts due diligence on every mortgage to ensure strict adherence to the criteria listed in its policy guidelines. Some of the attributes that must be met are as follows: all mortgages must be residential, owner occupied properties, the value of the mortgage loan must not exceed EC \$1.25 million and the property must be secured by a first lien (second charges are allowed under specified circumstances).

With respect to the terms of the mortgage; the maturity must not exceed thirty (30) years, the maximum loan to value ratio must not be in excess of 90% and all properties must be insured, unless otherwise approved by the BOD. Additionally, the PLs are legally obligated to review all variable rate mortgages in ECHMB's purchased pool at least every six (6) months and advise mortgagors of any change in the interest rates subject to ECHMB's approval. CariCRIS believes this right to re-price is critical as a risk mitigation tool particularly in an environment in which interest rates are rising.

While stringent adherence to the operating policy guidelines significantly reduces exposure to the credit risk of individual mortgage holders, ECHMB is exposed to the credit risks of the PLs. To mitigate this risk, the Bank strictly adheres to a list of criteria that must be met by the PLs. These criteria are as follows: capital adequacy of EC \$3 million or a capital to asset ratio of not less than 8%, must be subject to the regulations of an approved regulatory body, must have operational experience and expertise in loan underwriting and administration of at least three (3) years and must agree to submit to periodic audits and reviews of its mortgage underwriting process. Additionally, all PLs must commit to improve and maintain mortgage underwriting standards via prescribed training. The PLs must also maintain proper mortgage security documentation and a minimum delinquency ratio within its mortgage portfolio. In addition to annual on-site visits, ECHMB continuously monitors the PLs to ensure the above requirements are met. In 2009, ECHMB's annual review of all PLs was more in-depth and rigorous given the tightening of liquidity conditions in some of the markets in which it operates. The Bank retains the right to decline applications by financial institutions that do not meet the stipulated requirements as was the case in 2009 for three (3) PLs. The relationship with the PLs is governed by a legally constituted "Sale and Administration Agreement".

Despite the ongoing economic downturn and the liquidity pressures, ECHMB's current business environment remains a source of credit strength. The banking system in the ECCU has been relatively resilient to external shocks, experienced strong growth the last few years and had a capital adequacy ratio of 20.4% in 2009, well above prudential norms. However, non-performing loans (NPLs) to total loans have risen in the last two (2) years averaging around 7.9% from 6% in 2007. CariCRIS expects NPLs to continue to increase, as the global recovery remains sluggish. It is also noteworthy that although there have been no bank failures in the ECCU since the establishment of the Eastern Caribbean Central Bank (ECCB) in 1983, the recent financial upheaval (Stanford Financial Group and CL Financial Group) has introduced some uncertainty in the regional financial and business community.

In the last two (2) years, ECHMB increased the geographical reach of its mortgage portfolio from five (5) to seven (7) countries with its entrance into Anguilla and Montserrat, thereby somewhat reducing its geographical asset concentration. The mortgage portfolio comprises St. Vincent and the Grenadines (377), Saint Lucia (224), St. Kitts and Nevis (147), Antigua and Barbuda (72), Anguilla (92), Grenada (58) and Montserrat (44) as at January 2010.

Regional financial institution with support from the premiere financial institution in the ECCU

ECHMB is a regional player; its shareholders comprise sixty three (63) financial institutions domiciled throughout the Caribbean region, whilst its mortgage market is the eight (8) member countries of the OECS (excluding the British Virgin Islands – BVI). The Bank’s credit risk profile is not linked to or constrained by any one sovereign as its mandate is to buy and sell mortgages in the eight (8) participating member countries of the OECS; currently it only has business in seven (7). As a regional player, the Bank has the advantage of borrowing in lower cost markets and investing in markets with higher yields which contributes to its earnings.

The OECS region’s premiere financial institution, the ECCB, is ECHMB’s largest shareholder accounting for 25.7% (as at December 2009). ECHMB’s affiliation to the ECCB provides synergistic benefits for its operations particularly with respect to its bond issues. Additionally, it has also benefited from the experience and expertise of the ECCB’s Governor who has held the position of Chairman of the BOD since ECHMB’s inception. This association has increased the competitiveness of ECHMB’s bonds in the regional capital market as investors have linked the risks of the two institutions. However, there is no formal support mechanism available to the ECHMB from any of its shareholders.

Highly experienced and qualified management team well supported by a reputable Board of Directors (BOD)

The management team is highly qualified and possesses extensive experience in the financial and business community within the OECS and the wider Caribbean. The Chief Executive Officer (CEO), who assumed the position in June 2007, has extensive international experience in a wide array of industries. Apart from the Manager, Research and Marketing (tenure of 8.5 years), the rest of the management team is relatively new with tenure ranging from 3 to 6 years. The Manager, Mortgage Underwriting has vast experience in commercial lending in Saint Lucia.

The BOD is also amply qualified, highly regarded and has extensive experience in the financial and business community within the region and internationally. The management team is well supported by the BOD as all major transactions (inclusive of bonds issued and the purchase of pools of mortgages over EC \$3 million) require Board approval.

The management team has been able to generate and grow profits from its first year of operations. Asset growth was marginal over the financial years 2004–2007. However, from June 2007, the CEO adopted a much more aggressive strategy resulting in a considerable increase in the mortgage portfolio (247% growth from FY2007 to FY2009)². There is ample opportunity for ECHMB to grow its mortgage portfolio which currently represents around 15% of the indigenous banks' mortgage portfolio of EC \$1.4 billion (as at September 2009). Additionally, ECHMB's foray into the credit union sector provides another avenue to grow its mortgage portfolio. CariCRIS expects that the mortgage portfolio will continue to grow but at a more moderate pace in light of the current financial environment and management's plan of consolidation in 2010.

The strategic focus for management in the medium term is to create a greater presence in the market, increase its activity in the capital market and improve the mortgage underwriting standards in the region.

Strong operational and underwriting systems emanating from strict adherence to legislative and policy guidelines

ECHMB's strong risk management systems are underpinned by its legislative and operational framework. The legislative framework provides broad guidelines for both the management and BOD. All major transactions undertaken by management require Board approval. The daily operations are guided by the "policy statement of general and operational policies" which was updated in October 2007, with minor changes made in 2009. This policy statement (first developed by the IFC as a shareholder) lists all the criteria requirements for selection of both the mortgages purchased as well as PLs. CariCRIS believes ECHMB's stringent adherence to the policy statement with respect to criteria requirements for the mortgages and PLs have added to the low credit risk of the business.

ECHMB's manual of mortgage underwriting standards governs selection and review of mortgages as well as the due diligence of the PLs. Prior to the purchase of each mortgage,

² Financial year (FY) runs from April 1st to March 31st.

ECHMB's staff conducts due diligence to determine whether all the criteria listed in its operational policy are met for the PLs, borrowers and mortgage loans. In addition to the criteria for the mortgage and PLs, the following are examined for the borrower: the applicant's sources of income, total income, credit history, debt to income ratio (which should not exceed 40%) and the valuation of the mortgaged property.

ECHMB ensures that these international underwriting standards are maintained in the industry by conducting Mortgage Underwriting Seminars in conjunction with the Canada Mortgage and Housing Corporation (CMHC) and the Real Estate Institute of Canada (REIC), along with local and regional resource persons. These seminars target all financial players in the mortgage industry and afford participants the opportunity to gain an internationally recognised qualification - Certified Residential Underwriter (CRU). To date, about 165 professionals from the ECCU, Barbados and Jamaica have attended the training modules with around 61 attaining the CRU designation. To maintain standards, PLs are obligated to ensure that all mortgage underwriters become professionally certified.

Adequate insurance coverage is also a critical component of its underwriting standard and is used as a risk mitigation tool by the Bank. All PLs must have blanket fidelity and errors and omissions insurance which protects ECHMB from any errors made by PLs' staff. In addition, all mortgage loans purchased for ECHMB's pool must have life insurance covering the loan balance. The purchased pool of mortgages must also have peril insurance on the mortgaged property in an amount equal to the principal balance of the loan or the replacement cost of the mortgaged property whichever is less. CariCRIS believes these high underwriting standards contribute significantly to the low credit risk of the business.

Moreover, ECHMB continuously monitors the mortgage pools with a lag of one day, whilst PLs are obligated to report any changes to the pools as soon as they occur. In FY2009, the Mortgage Interface System was implemented at four (4) of the fifteen (15) PLs improving the real time monitoring of some of the mortgage pools. However, this project has encountered some implementation issues delaying the real time monitoring of the entire mortgage pool. The staffing capacity in the Underwriting department has been strengthened to assist in the monitoring process.

As occurred on specified occasions in the past, strict adherence to some policy guidelines were relaxed as ECHMB focused on the credit union sector to build its mortgage portfolio. According to management all exceptions to these criteria were approved by the Board prior to purchase. These exceptions were granted on condition that the PLs work together with

ECHMB on resolving the various issues within a fixed time frame; these were all met. This situation was deemed necessary to facilitate business opportunities in the credit union sector.

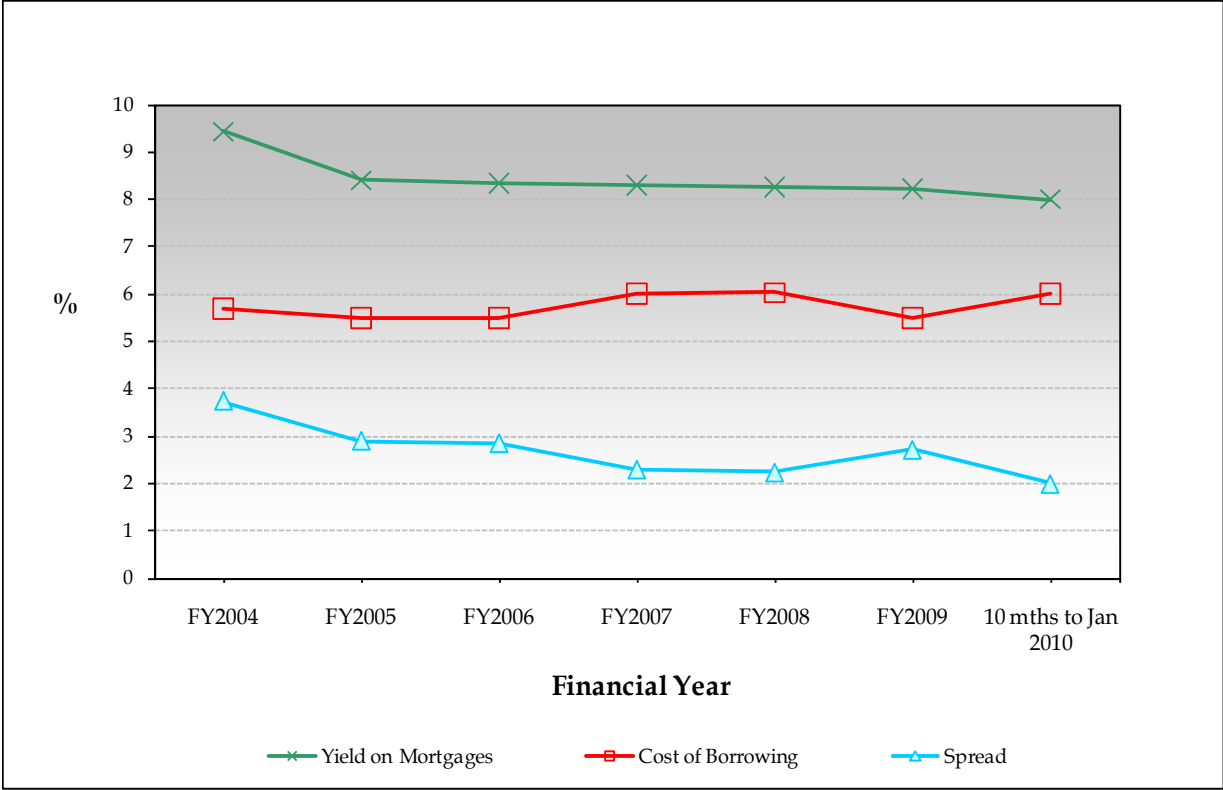
Replaced loans, until November 2009, had never been re-registered since the commencement of ECHMB's commercial operations in April 1996. Management has not quantified the number or value of mortgages which are un-registered but estimates it to be less than 10%. The credit concern is that ECHMB has no legal rights to these unregistered mortgages and will have no recourse if the PLs fail. Management has identified this as critical and is currently in the processing of rectifying this situation. In 2009, this re-registration process commenced in Anguilla and in 2010 management plans to undertake this procedure every six (6) months focussing initially on the larger exposures.

Modest financial performance characterised by growth in profitability

ECHMB has been profitable since its inception fourteen (14) years ago. The Bank's tax-exempt status contributes to its profitability. Both total income and Net Interest Income (NII) recorded a 3-year CAGR of 9%. Profits after tax (PAT) grew by 26% in FY2009 to EC \$2.4 million after recording marginal declines since FY2006. For the 9 months ending December 2009 PAT climbed to EC \$2.7 million growing by 79% over the corresponding period in 2008. ECHMB's ROA has declined steadily in the period FY2005 to FY2008 from 1.9% to 1.2% remaining flat in FY2009 and is low relative to banks in the OECS and the wider Caribbean region. CariCRIS believes that the effects of the pressure on margins were mitigated by the sharp growth in the mortgage portfolio in the last two (2) years. However, in CariCRIS' stressed scenario, assuming that net interest spreads between mortgage rates and cost of borrowing decline to 1% in FY2011, ECHMB will continue to be profitable even though the PAT margin will be very low at 0.3%.

The operational policy statement stipulates that the company shall earn a positive spread of at least 2% per annum unless otherwise determined by the BOD. For the period 2003-2006 when interest rates fell, ECHMB was able to maintain a 2% spread, and has never earned less than 2% in the history of its operations, as the average cost of borrowing hovered around 5.5% whilst the average yield on the mortgage portfolio was around 8.3% in FY2009 (Chart 1). ECHMB's partnership with the PLs is governed by a legally constituted "Sales and Administration Agreement" through which the PLs consent to administer and service the purchased mortgages for an administration fee. This fee allows ECHMB some degree of flexibility in achieving this 2% minimum spread. In FY2008, the "Sales and Administration Agreement" was amended giving ECHMB the right to reduce the administration fee when interest rates are falling ensuring that margins are maintained.

Chart 1
Interest Rate Spreads



Source: ECHMB's Financial Statements

The company continues to maintain an aggressive dividend policy which has averaged 48% of profits attributable to shareholders in the last three (3) years. The Bank has paid dividends to shareholders every year since its third year of operations; its first dividend was EC \$7.50 per share. Since 2001 an annual dividend of EC \$10 per share has been paid. CariCRIS expects dividend payments to be just as aggressive with the increased shareholding³.

³ In FY2010 ECHMB issued the 2nd tranche of its share capital raising EC \$9.3 million.

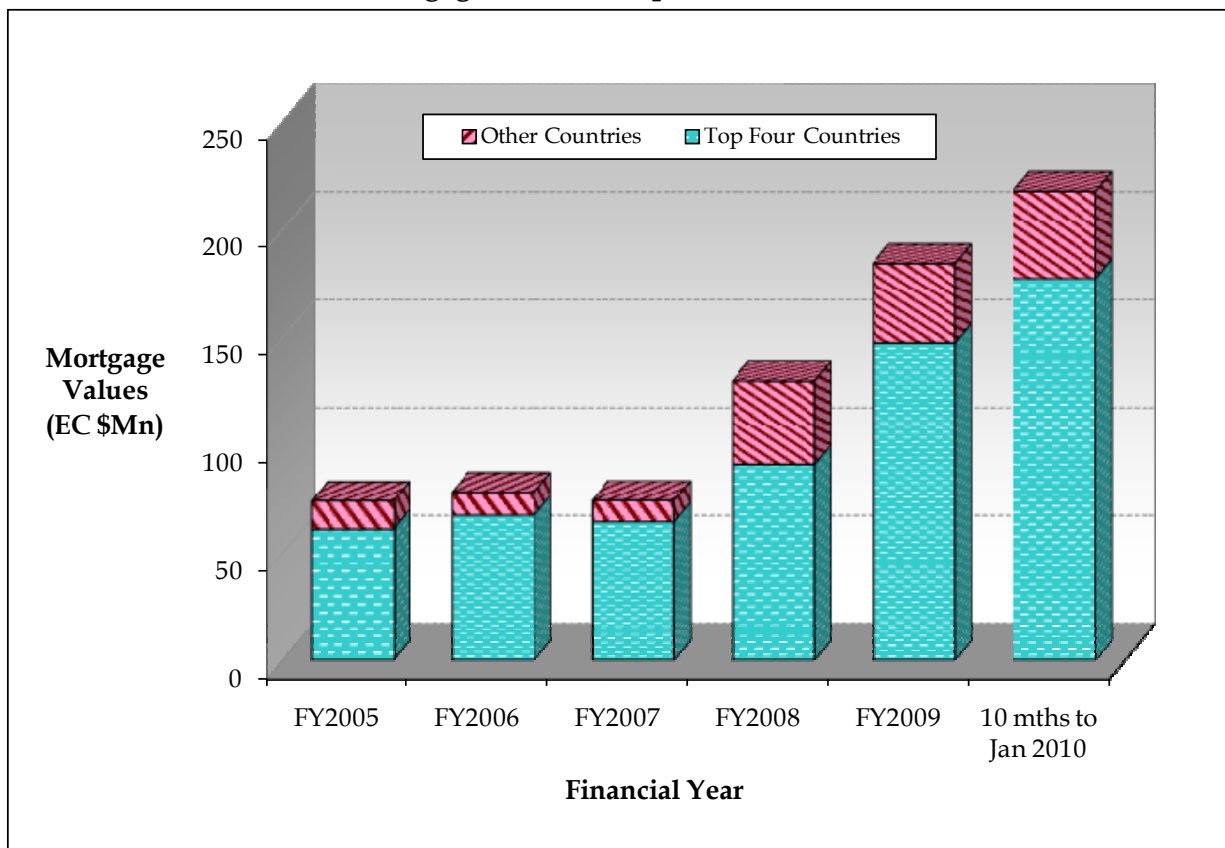
These rating strengths are tempered by the following:

Challenging market conditions with consistently high liquidity in some key markets contributing to asset concentration in four markets

In the last couple of years high liquidity in the ECCU region led to increased competition in the mortgage market and erosion of mortgage yields creating challenging conditions under which the Bank has to operate. The interest rates on mortgages are at an all time low, with some PLs offering rates as low as 7.25%. The mortgage market has been transformed into a vibrant market where small and larger PLs are actively competing for market share. This intense competition has enabled customers to negotiate better terms and conditions on mortgages, including 100% financing, lower interest rates, cash back and other long-term tangible benefits.

Though its mandate includes eight (8) participating member countries of the OECS, the Bank currently has operations in seven (7), as high liquidity conditions in Dominica have resulted in low mortgage rates making it unviable for ECHMB to operate in that market. Furthermore, ECHMB's mortgage portfolio is highly concentrated in four territories: St. Vincent and the Grenadines EC \$67.2 million (31%), Saint Lucia EC \$43 million (20%), Anguilla EC \$41.3 million (19%) and Antigua and Barbuda EC \$26.1 million (12%) as at January 2010 (Chart 2). Additionally, in the last year ECHMB's concentration risk in a single PL rose significantly as this institution accounted for 19.6% of the total mortgage portfolio in January 2010 from 4.5% in March 2009. CariCRIS expects concentration levels to decline as management seeks to diversify the mortgage portfolio.

Chart 2
Mortgage Value of Top Four Countries



Source: ECHMB – Underwriting Department

Additionally, refinancing activities have intensified as interest rates have declined posing further challenges for ECHMB. The company has had to implement measures to mitigate these inherent risks to remain competitive. Going forward, it will be challenging for ECHMB to maintain spreads as yields fall and cost of borrowing rises.

Furthermore, ECHMB is a price taker in the financial markets for the interest rates of both its mortgage portfolio and bond issues. The average interest rates for the pool of mortgages purchased are market determined in the respective countries. On the financing side, the rates are also market determined, averaging 5.5% over the last year. Evidence of the challenging market conditions was seen in the last year when all bonds issued had shorter maturity of two (2) years to enable the Bank to maintain its yields in a declining interest rate and highly competitive environment.

ECHMB’s operations have also been limited by the size of the indigenous financial institutions’ mortgage portfolios as the internationally owned and managed commercial

banks have not participated in the secondary mortgage market. As at September 2009, the mortgage market in the OECS (excluding building societies, credit unions and insurance companies) was EC \$3.5 billion of which indigenous banks held EC \$1.4 billion (41%). CariCRIS believes there is great potential to continue to grow its business as ECHMB's mortgage portfolio of EC \$208.8 million (as at September 2009) represents only 14.7% of the indigenous market, notwithstanding the fact that some of these existing mortgages may not meet ECHMB's qualifying criteria.

Increased credit risks to PLs in the face of tightening liquidity conditions and slowing economic activity

The recent shocks to both the global and regional financial sector have changed the economic and financial landscape of the region. On the international front, the credit crisis contributed to a significant fall off in FDIs, tourist arrivals and remittances resulting in a contraction of economic activity. On the regional front, the collapse of CL Financial Limited and the fraud charges against Allen Stanford threatened the stability of the financial system and led to a fall in investor and business confidence throughout the region.

The slowdown in economic activity resulted in a contraction in credit growth to the private sector falling to a nadir of 2.3% in 2009 from a peak of 17.9% in 2007. As the economic performance of the territories deteriorated the level of non-performing loans to total loans climbed to 7.9% in 2009 from 6% in 2007. The 3-year average for NPLs in the ECCU of 7.3% is way above that of its regional peers in Trinidad and Tobago (1.4%), Jamaica (3%)⁴ and Barbados (4%). On a disaggregated level, NPLs rose sharply in the last year in some territories, for example, Anguilla's NPLs more than doubled to 13.5% in 2009 from 6.4% in 2007. In Grenada, NPLs rose to 5.9% from 3.5% (2007), Saint Lucia to 7.9% from 5.8% (2007) and ECHMB's largest market, St. Vincent, to 8.4% from 3.4% (2007). Given the prevailing environment, CariCRIS expects NPLs to deteriorate further in 2010, a definite source of credit concern. As a result, CariCRIS anticipates an increased number of replacements in ECHMB's mortgage pools. Additionally, there is the possibility, particularly with the smaller PLs, that the availability of performing mortgages may be limited.

As a result of the economic decline, fall in investor confidence and higher risk aversion, the high levels of liquidity seen in the past few years have begun to tighten. This tightening of liquidity in the region increases the possibility that ECHMB could act as "lender of last resort" to financial institutions seeking to meet liquidity needs. In an effort to mitigate against

⁴ NPLs ratio reflects data for the three year period from 2007 up to September 2009.

providing liquidity support, ECHMB has stepped up its due diligence on all PLs with a more in-depth analysis of the performance and operations of the institutions. CariCRIS expects ECHMB's administration costs to increase if any PL fails and this could rise even further dependent on whether ECHMB has the legal rights over the mortgages issued by the particular PL.

The relatively weak regulatory and supervisory framework for NBFIs in the ECCU region poses downside credit risks for ECHMB as its exposure to this sector has increased significantly since 2007 (Table 1). There is concern over ECHMB's rising exposure to NBFIs as the portfolio increased by 90% to EC \$63.9 million in January 2010 from EC \$33.7 million in March 2007. These NBFIs are not well regulated and do not have access to liquidity support from any agency deemed "lender of last resort". While the exposure to commercial banks also climbed, to EC \$153.7 million representing 71% of the portfolio as at January 2010, CariCRIS does not expect high risks as these entities are well regulated and monitored by the ECCB. Furthermore, the ECCB is expected to provide liquidity support for these licensed institutions in the event of any crisis.

Table 1
Mortgage Portfolio by Financial Institution

Institution	10 mths to Jan 2010			FY2009			FY2008			FY2007		
	No.	EC \$'000	%	No.	EC \$'000	%	No.	EC \$'000	%	No.	EC \$'000	%
Commercial Banks*	633	153,713	71	478	121,222	66	396	83,059	64	279	40,776	55
Credit Unions	164	34,138	15	160	31,767	17	105	18,172	14	58	9,598	13
Others **	217	29,820	14	219	31,280	17	188	28,433	22	157	24,139	32
Total	1,014	217,671	100	857	184,269	100	689	129,664	100	494	74,514	100

Source: ECHMB – Underwriting Department

* Includes all financial institutions governed by the ECCB and operating under the FIA

** Includes other non bank financial institutions inclusive of development banks, loan and building associations and co-operative banks

ECHMB's resource-raising ability via public issues is constrained by competition from both corporates and sovereigns in the ECCU

All bonds issued by ECHMB are tax-exempt for both individuals and corporates (up to a maximum of EC \$250 million of total bonds outstanding) within the OECS region making it a relatively attractive investment. Nevertheless, its ability to raise resources via public bond issues is constrained by competition from both corporates and sovereigns in the ECCU. Limited investment funds causes investors to chase after yields which are generally higher from sovereign issues. This was quite evident when one of ECHMB's public issue (on June 29, 2007) was undersubscribed by around EC \$10 million when the Government of Antigua and

East Caribbean Financial Holdings Company (ECFH) simultaneously placed issues. CariCRIS expects the unpredictability in the timing of sovereign placements to continue to pose challenges for ECHMB. However, this unpredictability has eased somewhat as upcoming auctions are listed on the Regional Government Securities Market website. Furthermore, the market is characterised by a limited pool of investors where the purchasers of the bonds are the same as the originators of mortgages, many of whom are also shareholders of ECHMB. This lack of scope in the capital market limits investment opportunities. CariCRIS anticipates that the relatively underdeveloped nature of the regional capital markets will continue to inhibit ECHMB's operations. In order to mitigate these risks the Bank has been exploring alternative funding sources. To this end it accessed its first loan from the CDB on competitive terms in early 2008, with disbursement in April 2009. CariCRIS believes the prevailing economic environment, tightening credit conditions and uncertainty in the financial markets may also impact ECHMB's ability to access funding in the regional markets in the near term.

Rating Sensitivity Factors

- Removal of the "with recourse" feature in mortgages purchased
- Relaxation of the mortgage underwriting standards
- Significant changes in asset concentration
- Significant reduction in interest spreads
- Significant improvement in the liquidity situation

BUSINESS DESCRIPTION

Eastern Caribbean Home Mortgage Bank (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 eight (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 is the purchase and sale of mortgages so as to develop and maintain a secondary market for residential mortgages in the member territories.

ECHMB is a privately managed corporation and the current sixty three (63) shareholders are strictly financial institutions from the OECS as well as the wider Caribbean. These financial institutions includes the ECCB, commercial banks, social security agencies, insurance companies, mortgage companies, building and loan associations and credit unions. The

largest shareholder, the ECCB, holding 25.7%, is the premiere financial institution in the ECCU. The other main shareholder, CLICO Barbados (accounting for 12.7%), purchased the shares held by Trinidad and Tobago Home Mortgage Bank in 2007.

Table 2
Summary Financial Performance

	9 mths to Dec 2009	9 mths to Dec 2008	FY2009*	FY2008	FY2007	FY2006
	<i>EC \$'000</i>					
Total Assets	277,782	208,324	216,908	173,170	130,807	129,966
Equity Capital	19,295	10,000	10,000	10,000	10,000	10,000
Tangible Net Worth	31,304	19,423	20,129	18,601	17,594	16,971
Total Income **	6,360	4,713	6,535	5,527	4,898	4,998
Operating Expenses (incl. Depreciation)	3,615	3,180	4,160	3,638	2,868	2,747
PAT	2,744	1,533	2,375	1,890	2,030	2,252
	<i>%</i>					
Total Expenses/Total Income	56.9	67.5	63.7	65.8	58.6	55.0
PAT/Average Earning Assets	1.1	0.8	1.2	1.3	1.6	1.8
Tangible Net Worth/Adjusted Assets	11.3	9.3	9.3	10.7	13.4	13.1
	<i>Times</i>					
Debt/Tangible Net Worth	7.8	9.6	9.6	8.2	6.4	6.6

Source: ECHMB Financial Statements

* FY - Financial Year runs from April to March

** Total Income excludes Interest Expense

April 23, 2010