

RATING RELEASE

October 5, 2026

CariCRIS downgrades its Corporate Credit Ratings of Home Mortgage Bank

CariBBB+	(Regional Scale Local & Foreign Currency)
ttBBB+	(National Scale Local & Foreign Currency)

Caribbean Information and Credit Rating Services Limited (CariCRIS) has downgraded the Corporate Credit ratings assigned to Home Mortgage Bank (HMB) by 1-notch to **CariBBB+** (Foreign and Local Currency Ratings) on the regional rating scale, and **ttBBB+** (Foreign and Local Currency Ratings) on the Trinidad and Tobago (T&T) national scale. These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean and within T&T is **adequate**.

The 1-notch downgrade reflects the continued weakening of HMB's credit profile, primarily due to a material deterioration in asset quality, as well as rising funding costs, which adversely affected earnings capacity. As at December 2025, the ratio of non-performing loans¹ (NPLs) to gross loans worsened to 17.3%, representing a 2nd consecutive breach of 1 of CariCRIS' downside Rating Sensitivity Factors² (RSF) and was higher than CariCRIS' 2025 projections. Additionally, HMB's average cost of funds increased by 120 basis points (bps) to 4.5%, breaching another of CariCRIS' downside RSFs³ and placed additional pressure on net interest margins and profitability. While the Bank continues to benefit from strong capitalization, adequate liquidity and continued profitability, the combination of elevated asset quality pressures and weaker earnings performance warranted a lower overall risk assessment.

CariCRIS also revised the outlook on the ratings to **stable** from **negative**. The stable outlook is based on the high likelihood that while asset quality will remain weak over the near term, the pace of deterioration should moderate over the next 12 to 15 months as

¹ CariCRIS defines non-performing loans (NPLs) as loans in arrears over 90 days. The Central Bank of Trinidad and Tobago (CBTT) defines NPLs on residential mortgages as 180 days and over.

² As per CariCRIS' September 2025 report, the downside Rating Sensitivity Factor (RSF) was NPL/Gross loans greater than 14.6% over the next 12 to 15 months.

³ As per CariCRIS' September 2025 report, the downside RSF was a sustained increase in the cost of funds by 100 basis points (bps) or greater over the next 12-15 months.

enhanced credit, recovery and risk-management measures take effect. Additionally, HMB's strong capitalization, adequate liquidity and diversified funding base are expected to provide an important buffer against continued asset quality and earnings pressures, while supporting its ability to refinance upcoming debt maturities and meet its financial obligations as they fall due. Accordingly, CariCRIS expects HMB to remain profitable, retain substantial capital buffers and maintain adequate capacity to comfortably meet its financial obligations over the next 12 to 15 months.

HMB's ratings are underpinned by its continued profitability, notwithstanding weaker performance in 2025, strong capitalization that remains well above that of its peers and adequate liquidity supported by a diversified funding base. The ratings are also supported by ongoing enhancements to the Bank's credit risk management, underwriting and recovery frameworks which are expected to strengthen portfolio monitoring and risk oversight. These ratings are constrained by significant asset quality pressure arising from elevated NPLs within the commercial and project financing portfolio, higher funding costs and weaker loan growth, which are constraining earnings generation. The ratings are also constrained by economic conditions that could present downside risks to financial performance and the concentration of credit risk in a number of large legacy commercial and project-financing exposures, with recoveries potentially subject to lengthy restructuring and legal processes, remains a constraint.

Rating Sensitivity Factors

Factors that can, individually or collectively, lead to an improvement of the rating and/or outlook:

- An improvement in the credit rating of the sovereign over the next 12-15 months.
- Improvement in HMB's interest spread to > 3%, sustained over a 3-year period, supported by a reduction in funding costs and/or improved yields on earning assets, resulting in a sustained strengthening of earnings capacity.
- A sustained and material improvement in HMB's asset quality, evidenced by a declining NPL ratio to below 8% inclusive of successful resolution/recovery of a significant portion of its legacy commercial and project financing exposures over the next 12-15 months.
- A sustained improvement in profitability, with ROEA and ROE recovering to its 2021 to 2023 levels, while maintaining adequate capitalization and liquidity.

Factors that can, individually or collectively, lead to a lowering of the rating and/or outlook:

- A deterioration in the credit rating of the sovereign over the next 12-15 months.
- A sustained increase in the cost of funds by 60 bps or greater over the next 12-15 months resulting in further compression of HMB's net interest spread and weakening its earnings capacity.
- NPL ratio >21.9% over the next 12-15 months, particularly if accompanied by further deterioration in the commercial and project financing portfolio and/or weaker recoveries.
- A greater than 30% increase in credit losses or provisioning requirements over the next 12 -15 months arising from HMB's legacy commercial and project financing exposures, resulting in a sustained deterioration in profitability and capital generation.
- A deterioration of the total earning assets/ total interest-bearing liabilities ratio to < 1.5 times over the next 12-15 months.
- A decline in PAT by more than 35% leading to both the ROEA and ROE falling below 0.5%.
- A material weakening in capitalization or liquidity over the next 12-15 months, evidenced by a significant erosion of HMB's substantial capital buffer or an inability to refinance maturing obligations on terms broadly consistent with prevailing market conditions.

About the Company:

Home Mortgage Bank (HMB) was established in the Republic of Trinidad and Tobago (T&T) under the Home Mortgage Bank Act of 1985 and commenced business in October 1986. On January 17, 2024, HMB was acquired by the Trinidad and Tobago Mortgage Finance Company Limited (TTMF)⁴ through the transfer of 100% of the shares from the National Insurance Board of Trinidad and Tobago (NIBTT)⁵. Subsequently, TTMF was renamed to the Trinidad and Tobago Mortgage Bank Limited (TTMB)⁶ on March 21, 2024.

⁴ Trinidad and Tobago Mortgage Finance Company Limited (TTMF) was formed to fulfil the Government of the Republic of Trinidad and Tobago (GORTT)'s mandate of providing affordable residential mortgage financing to households within the low to middle-income bracket in Trinidad and Tobago (T&T).

⁵ Prior to the acquisition, the National Insurance Board of Trinidad and Tobago (NIBTT) owned 100% of Home Mortgage Bank (HMB).

⁶ Trinidad and Tobago Mortgage Bank (TTMB) remains the lead vehicle for mortgage financing under the GORTT's Affordable Housing Finance Programme (2% and 5% Mortgage Programme).

HMB's principal business activities remain unchanged following its acquisition and include the trading of residential mortgages originated by primary mortgage lenders⁷ and commercial lending. HMB's loan product offerings include loans for land acquisition for commercial purposes, bridge financing, commercial mortgage loans, project financing, and Public/Private Sector Partnerships (PPP). Its Mortgage-Backed securities include Collateralized Mortgage Obligations (CMOs), the Mortgage Participation Fund (MPF) and the Samaan Tree Fund (STF). The mutual funds established by HMB are backed by a segregated pool of residential mortgages. HMB also issues taxable and tax-exempt Bonds. As a non-deposit taking institution, HMB derives most of its funding from the issuance of medium-term and long-term bonds; additional funding is also provided through inflows from the MPF, STF and the CMOs. HMB currently has one fully owned subsidiary, Tobago Plantation House Limited, which is primarily engaged in real estate development. As at December 2025, HMB had a total asset base of TT \$3.2 billion and total income of TT \$74.3 million for the year ended December 2025.

The final stages of the consolidation⁸ of TTMB and HMB are currently pending and will be completed upon the transfer of HMB's assets and liabilities from HMB to TTMB⁹. Thereafter, HMB is expected to be dissolved as a separate legal entity, subject to the completion of the requisite regulatory approvals and transfer of assets and liabilities. To date, 13 workstreams have been implemented to satisfy the operational needs of the new organizational structure.

⁷ Includes the local commercial banks, non-bank mortgage institutions and credit unions.

⁸ In 2014, the Government of the Republic of Trinidad and Tobago (GORTT) approved a consolidation to create an institution that leverages on synergies between the Trinidad and Tobago Mortgage Finance Company (TTMF) and HMB. In 2016, a Memorandum of Understanding (MOU) was signed between the TTMF and HMB, which allows both companies to date to derive benefits from each other while maintaining the integrity and independence of both companies.

⁹ TTMB is currently in the process of obtaining all the relevant licenses and approvals to accommodate the operations at HMB.



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

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