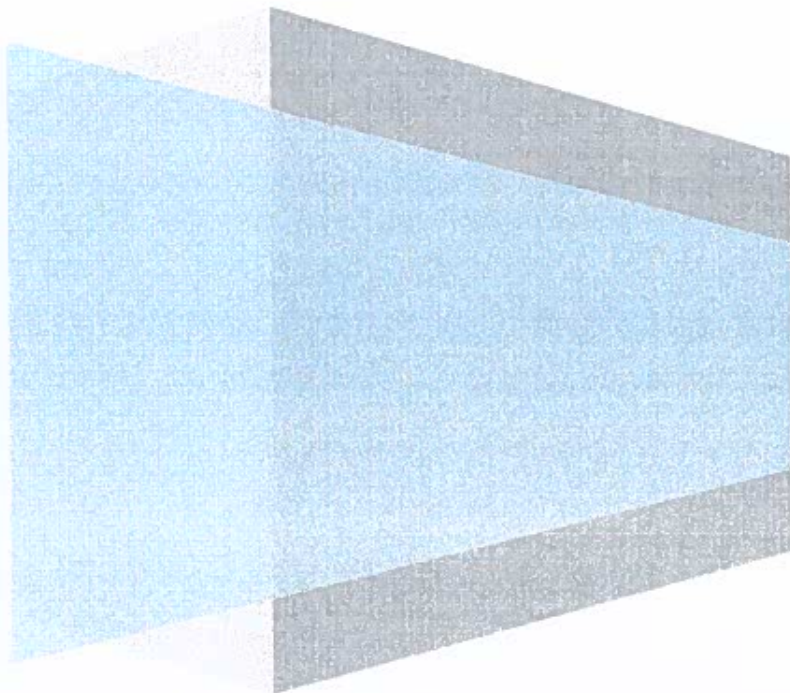


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EASTERN CARIBBEAN HOME MORTGAGE BANK

FORM ECSRC - Q

September 30, 2015



FORM ECSRC - Q

Quarterly Report

For the quarterly period ended: **September 30, 2015**

Or

TRANSITION REPORT: **Not Applicable**

(Applicable where there is a change in reporting issuer's financial year)

For the transition period from: **NA to NA**

Issuer Registration Number: **HMB160990GR**

EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)

(Exact name of reporting issuer as specified in its charter)

GRENADA

(Territory or jurisdiction of incorporation)

Eastern Caribbean Central Bank (ECCB) Complex, Bird Rock Road, Basseterre, St. Kitts

(Address of principal executive Offices)

(Reporting issuer's): **EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)**

Telephone number (including area code): **1-869-466-7869**

Fax number: **1-869-466-7518**

Email address: **info@echmb.com**

(Former name, former address and former financial year, if changed since last report)

1. Financial Statements

a) Statement of Financial Position

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of Financial Position

As at 30 September 2015

(expressed in Eastern Caribbean dollars)

	UNAUDITED Sept 2015 \$	UNAUDITED Sept 2014 \$	AUDITED March 2015 \$
Assets			
Cash and cash equivalents	5,791,713	22,092,942	8,231,137
Securities purchased under agreements to resell	21,374,726	20,947,397	21,863,011
Accounts receivable & prepayments	53,529	761,058	65,495
Investment securities	165,373,247	100,933,962	148,561,920
Mortgage loans portfolio	56,440,191	116,312,006	78,759,018
Available for sale investment	100,000	100,000	100,000
Motor vehicle and equipment	170,794	206,348	218,558
Intangible assets	10,992	20,414	15,703
Total assets	<u>249,315,192</u>	<u>261,374,127</u>	<u>257,814,842</u>
Liabilities			
Borrowings	189,993,824	200,515,340	199,917,195
Other liabilities and accrued expenses	553,540	1,668,764	273,067
Dividends Payable	-	3,287,490	-
Total liabilities	<u>190,547,364</u>	<u>205,471,594</u>	<u>200,190,262</u>
Shareholders' equity			
Share Capital	36,999,940	36,999,940	36,999,940
Reserves	8,865,029	8,710,528	8,865,029
Retained Earnings	12,902,859	10,192,065	11,759,611
Total shareholders' equity	<u>58,767,828</u>	<u>55,902,533</u>	<u>57,624,580</u>
Total liabilities and shareholders' equity	<u>249,315,192</u>	<u>261,374,127</u>	<u>257,814,842</u>

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of comprehensive Income

Six months ended 30 September 2015

(expressed in Eastern Caribbean dollars)

	UNAUDITED		UNAUDITED		AUDITED
	Three Months ended	30-Jun-14	Six Months ended	30-Sep-14	Year ended
	30-Jun-15	30-Jun-14	30-Sep-15	30-Sep-14	31-Mar-15
Interest Income	3,182,427	4,469,668	6,274,984	8,455,088	15,461,145
Interest expenses	(1,982,505)	(2,905,313)	(3,781,283)	(5,147,826)	(8,570,266)
Net interest income	1,199,922	1,564,355	2,493,701	3,307,262	6,890,879
Other operating income	24,871	5,111	24,871	5,111	33,668
Mortgage administration fees	(147,467)	(285,432)	(278,680)	(549,169)	(905,409)
Operating income	1,077,326	1,284,034	2,239,892	2,763,204	6,019,138
Expenses					
General and administrative expenses	(410,798)	(350,241)	854,150	709,754	(1,473,660)
Other operating expenses	(121,002)	(153,712)	242,494	316,678	(1,086,659)
Total operating expenses	(531,800)	(503,953)	1,096,644	1,026,432	(2,560,319)
Total comprehensive income	545,526	780,081	1,143,248	1,736,772	3,458,819

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of Changes in Equity

Period ended 30 September 2015

(Expressed in Eastern Caribbean dollars)

	<u>Share Capital</u>	<u>Building Reserve</u>	<u>Portfolio Risk Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balance at 31 March 2014	36,999,940	-	8,710,528	11,142,783	56,853,251
Changes in equity for 2014:					
Dividends	-	-	-	(2,687,490)	(2,687,490)
Total comprehensive income for the six months	-	-	-	1,736,772	1,736,772
Balance at 30 September 2014	<u>36,999,940</u>	-	<u>8,710,528</u>	<u>10,192,065</u>	<u>55,902,533</u>
Balance at 31 March 2015	36,999,940	-	8,865,029	11,759,611	57,624,580
Changes in equity for 2015:					
Dividends	-	-	-	-	-
Total comprehensive income for the six months	-	-	-	1,143,248	1,143,248
Balance at 30 September 2015	<u>36,999,940</u>	<u>-</u>	<u>8,865,029</u>	<u>12,902,859</u>	<u>58,767,828</u>

Eastern Caribbean Home Mortgage Bank

Audited Statement of Cash Flows

for the six months ended 30 September 2015

Expressed in Eastern Caribbean dollars

AUDITED 31-Mar-15		UNAUDITED Sep-15	UNAUDITED Sep-14
	Cash flows from operating activities		
3,458,819	Net profit for the year	1,143,560	1,745,643
	<i>Items not affecting cash:</i>		
8,570,266	Interest expense	(6,274,984)	(7,982,769)
390,771	Amortisation: Bond issue costs and transaction costs	265,600	190,553
89,741	Depreciation	47,767	43,179
9,422	Amortisation: Intangible assets	4,711	4,711
(2,400)	(Gain)/loss on disposal of equipment	-	-
5,461,145	Interest income	3,781,283	4,895,773
2,944,526	Operating loss before working capital changes	(1,032,063)	(1,102,910)
	Changes in operating assets and liabilities:		
(4,519)	(Increase)/decrease in receivables and prepayments	484,037	(548,764)
(986,130)	Decrease in accrued expenses and other liabilities	444,084	409,521
3,935,175	Cash used in operations before interest	(103,942)	(1,242,153)
3,081,845	Interest received	4,662,959	8,003,352
9,326,389	Interest paid	(3,991,412)	(5,603,532)
(179,719)	Net cash (used in)/generated from operating activities	567,605	1,157,667
	Cash flows from investing activities		
4,000,000	Proceeds from maturity of investment securities	26,500,000	75,000,000
54,917,153	Proceeds from the pool of mortgages repurchased by primary lenders	17,401,482	23,167,757
8,544,768	Increase in mortgages repurchased/replaced	3,715,389	5,175,337
6,095,349	Proceeds from principal repayment on mortgages	2,081,368	3,602,210
2,400	Proceeds from disposal of equipment	-	-
-	Purchase of intangible assets	-	-
-	Purchase of mortgages	-	-
(58,772)	Purchase of motor vehicle and equipment	-	-
1,842,462	Purchase of investment securities	(42,639,426)	(45,999,985)
51,658,436	Net cash from/(used in) investing activities	7,058,813	60,945,319
	Cash flows from financing activities		
0,000,000	Proceeds from bond issues	60,000,000	30,000,000
(118,748)	Payment for bond issue costs	(465,842)	(118,702)
2,487,490	Dividends paid	-	0
3,000,000	Repayment of borrowings	(9,600,000)	(2,250,000)
5,903,300	Repayment of bonds	(60,000,000)	(95,903,300)
71,509,538	Net cash used in financing activities	(10,065,842)	(68,272,002)
20,030,821	Decrease in cash and cash equivalents	(2,439,424)	(6,169,016)
28,261,958	Cash and cash equivalents at beginning of year	8,231,137	28,261,958
8,231,137	Cash and cash equivalents at end of year	5,791,713	22,092,942

Eastern Caribbean Home Mortgage Bank

Notes to the Unaudited Financial Statements

As at 30 September 2015

(expressed in Eastern Caribbean dollars)

1.0 Identification and Principal Activity

The Governments of Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent and the Grenadines signed an agreement on 27 May 1994, to establish the Eastern Caribbean Home Mortgage Bank (hereinafter referred to as the “the Bank”).

The Eastern Caribbean Home Mortgage Bank was formally established on 19 August 1994, in accordance with Article 40 of the Eastern Caribbean Home Mortgage Bank Agreement, which was incorporated in the Eastern Caribbean Home Mortgage Bank Agreement Act, and subsequently passed in the member territories. The primary office of the Bank is located at Bird Rock, Basseterre, St. Kitts and Nevis.

The principal activity of the Bank is to buy and sell mortgage loans on residential properties, in order to develop and maintain a secondary market in mortgages.

2.0 Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2015. Any new Accounting Standards of interpretations which became effective in this financial year have had no material impact on the Bank.

Eastern Caribbean Home Mortgage Bank

Notes to the Unaudited Financial Statements

As at 30 September 2015

(expressed in Eastern Caribbean dollars)

3. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

(a) **Liquidity**

Identify any known trends or commitments, demands, events that will result in or that are reasonably likely to result in the reporting issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

There were no major trends, commitments, demands or events that materially affected the liquidity situation of ECHMB.

(b) **Capital Resources**

Describe the reporting issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements.

Section III (Sub-Section (c) of ECHMB's Policy Statement governs the Bank's investment in capital expenditure, and under which the Bank is mandated to comply with the following: "the Company will limit its investments to residential mortgages. The Company will invest in real estate for its account only in the case of premises for its business operations and property acquired as a default and foreclosure on the mortgage loans. In accordance with prescribed legal procedures,

property acquired through default will be sold, as soon as practicable after acquisition.”

An assumption is made, that the term “material commitment” refers to capital expenditure in excess of 1% of the Bank’s Total Assets, which amounted to \$250.00M at the 30th September 2015. The Board of Directors did not approve capital expenditure in excess of \$2.50million during the period of this review.

(c) Results of Operation.

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

No events which meet the criteria stated above occurred during the period of this review.

4. Disclosure of Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

No events which meet the criteria stated above occurred during the period under review.

5. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been

terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no pending legal matters.

6. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.
- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
- Offer closing date (provide explanation if different from date disclosed in the registration statement)
- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer
- Net proceeds of the issue and a schedule of its use
- Payments to associated persons and the purpose for such payments

The Bank was not affected by the aforementioned during this period of the review.

- (b) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no working capital restrictions or limitations of payments on dividends.

7. Defaults Upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the
- (b) indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.
- (c) If any material arrears in the payment of dividends has occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

ECHMB has not defaulted on any of its payment obligations.

8. Submission of Matters to a Vote of Security Holders.

If any matter was submitted during the period covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.
- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.
- (c) A brief description of each other matter voted upon at the meeting and state the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.
- (d) A description of the terms of any settlement between the registrant and any other participant.
- (e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders.

There have been no matters to submit during the period of this report.

9. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - Q report.

No additional information to report on.

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

The number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report, is as follows.

CLASS	NUMBER
Class A	66,812
Class B	51,178
Class C	80,181
Class D	70,578
TOTAL	268,749

SIGNATURES

Name of General Manager:

Name of Director:

Randy Lewis

Dexter Ducreay

SIGNED AND CERTIFIED

SIGNED AND CERTIFIED

Signature

Signature

Date

Date

13 October 2016

13/10/16