

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended December 31, 2015
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT Not Applicable
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

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:

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)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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. 268,749

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

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Name of Director:

Signature

Signature

Date

Date

Name of Chief Financial Officer:

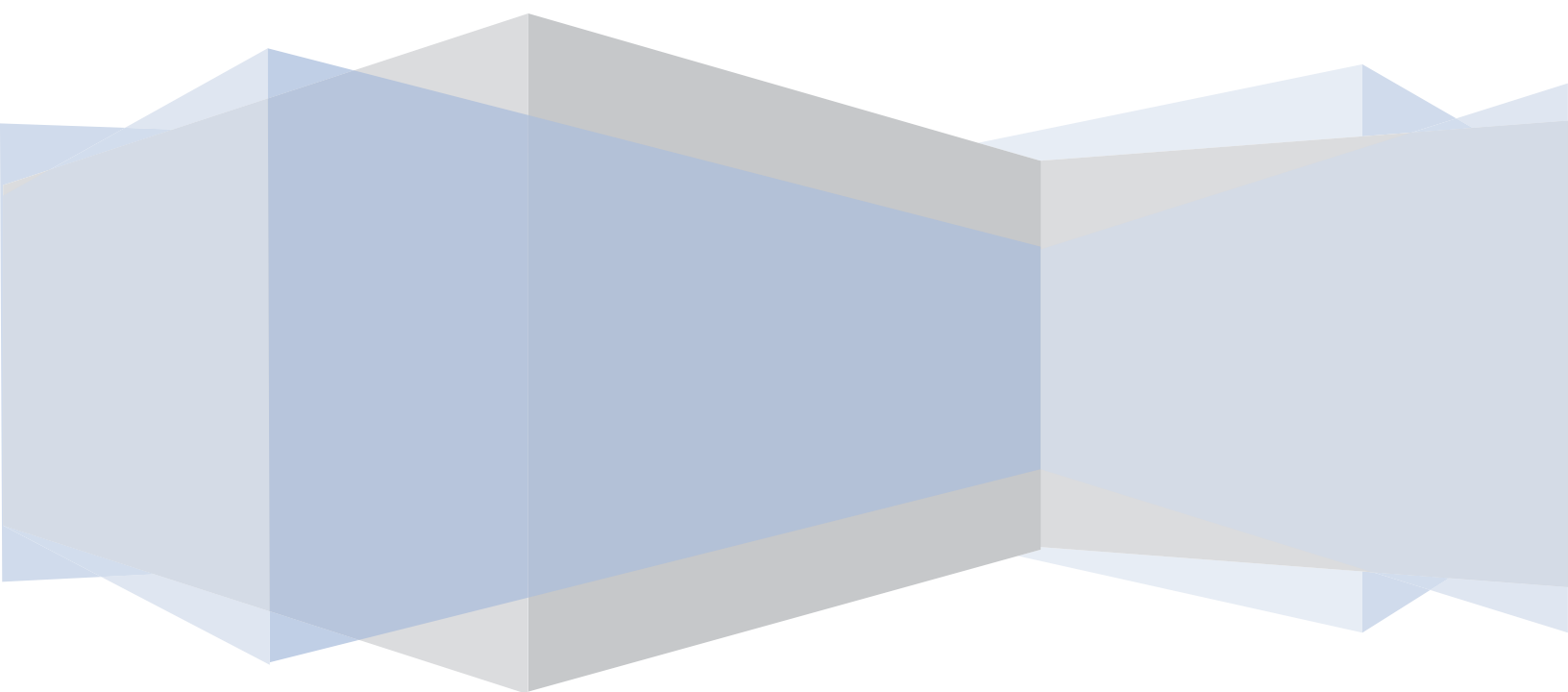
Signature

Date

EASTERN CARIBBEAN HOME MORTGAGE BANK

FORM ECSRC - Q

December 31, 2015



1. Financial Statements

a) Statement of Financial Position

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of Financial Position

As at 31 December 2015

(expressed in Eastern Caribbean dollars)

	UNAUDITED Dec 2015 \$	UNAUDITED Dec 2014 \$	AUDITED March 2015 \$
Assets			
Cash and cash equivalents	3,582,192	3,605,372	8,231,137
Securities purchased under agreements to resell	21,374,726	20,947,397	21,863,011
Accounts receivable & prepayments	86,786	110,897	65,495
Investment securities	169,487,873	150,641,154	148,561,920
Mortgage loans portfolio	55,624,953	83,867,415	78,759,018
Available for sale investment	100,000	100,000	100,000
Motor vehicle and equipment	147,881	242,521	218,558
Intangible assets	8,637	18,058	15,703
Total assets	<u>250,413,048</u>	<u>259,532,814</u>	<u>257,814,842</u>
Liabilities			
Borrowings	190,697,146	200,735,859	199,917,195
Other liabilities and accrued expenses	416,032	1,198,555	273,067
Dividends Payable	2,015,618	800,000	-
Total liabilities	<u>193,128,796</u>	<u>202,734,414</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	11,419,283	11,087,932	11,759,611
Total shareholders' equity	<u>57,284,252</u>	<u>56,798,400</u>	<u>57,624,580</u>
Total liabilities and shareholders' equity	<u>250,413,048</u>	<u>259,532,814</u>	<u>257,814,842</u>

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of comprehensive Income
 Nine months ended 31 December 2015
 (expressed in Eastern Caribbean dollars)

	UNAUDITED			UNAUDITED			AUDITED	
	30-Jun-15	30-Jun-14	30-Sep-15	30-Sep-14	31-Dec-15	31-Dec-14	Year ended	31-Mar-15
Interest Income	3,182,427	4,469,668	6,274,984	8,455,088	9,322,527	11,994,359		15,461,145
Interest expenses	(1,982,505)	(2,905,313)	(3,781,283)	(5,147,826)	(5,649,724)	(7,138,838)		(8,570,266)
Net interest income	1,199,922	1,564,355	2,493,701	3,307,262	3,672,803	4,855,521		6,890,879
Other operating income	24,871	5,111	24,871	5,111	33,696	25,452		33,668
Mortgage administration fees	(147,467)	(285,432)	(278,680)	(549,169)	(407,939)	(730,204)		(905,409)
Operating income	1,077,326	1,284,034	2,239,892	2,763,204	3,298,560	4,150,769		6,019,138
Expenses								
General and administrative expenses	(410,798)	(350,241)	(854,150)	(709,754)	(1,271,699)	(1,095,264)		(1,473,660)
Other operating expenses	(121,002)	(153,712)	(242,494)	(316,678)	(351,571)	(422,866)		(1,086,659)
Total operating expenses	(531,800)	(503,953)	(1,096,644)	(1,026,432)	(1,623,270)	(1,518,130)		(2,560,319)
Total comprehensive income	545,526	780,081	1,143,248	1,736,772	1,675,290	2,632,639		3,458,819

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of Changes in Equity
Period ended 31 December 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 nine months	-	-	-	2,632,639	2,632,639
Balance at 31 December 2014	<u>36,999,940</u>	<u>-</u>	<u>8,710,528</u>	<u>11,087,932</u>	<u>56,798,400</u>
Balance at 31 March 2015	36,999,940	-	8,865,029	11,759,611	57,624,580
Changes in equity for 2015:					
Dividends	-	-	-	(2,015,618)	(2,015,618)
Total comprehensive income for the nine months	-	-	-	1,675,290	1,675,290
Balance at 31 December 2015	<u>36,999,940</u>	<u>-</u>	<u>8,865,029</u>	<u>11,419,283</u>	<u>57,284,252</u>

Eastern Caribbean Home Mortgage Bank

Unaudited Statement of Cash Flows

For the nine months ended 31 December 2015

Expressed in Eastern Caribbean dollars

AUDITED		UNAUDITED	UNAUDITED
31-Mar-15	Cash flows from operating activities	Dec-15	Dec-14
3,458,819	Net profit for the year	1,675,605	2,632,639
	<i>Items not affecting cash:</i>		
8,570,266	Interest expense	70,677	65,778
390,771	Amortisation: Bond issue costs and transaction costs	526,977	290,660
89,741	Depreciation	7,066	7,066
9,422	Amortisation: Intangible assets	-	-
(2,400)	(Gain)/loss on disposal of equipment	(9,322,527)	(11,994,047)
(15,461,145)	Interest income	5,649,723	6,751,790
(2,944,526)	Operating loss before working capital changes	(1,392,479)	(2,246,114)
	Changes in operating assets and liabilities:		
(4,519)	(Increase)/decrease in receivables and prepayments	533,005	(360,390)
(986,130)	Decrease in accrued expenses and other liabilities	2,158,583	139,312
(3,935,175)	Cash used in operations before interest	1,299,109	(2,467,192)
13,081,845	Interest received	6,608,697	9,870,996
(9,326,389)	Interest paid	(4,944,627)	(7,339,140)
(179,719)	Net cash (used in)/generated from operating activities	2,963,179	64,664
	Cash flows from investing activities		
94,000,000	Proceeds from maturity of investment securities	32,600,000	75,000,000
54,917,153	Proceeds from the pool of mortgages repurchased by primary lenders	17,401,482	54,917,153
8,544,768	Increase in mortgages repurchased/replaced	6,843,690	5,533,985
6,095,349	Proceeds from principal repayment on mortgages	3,038,960	4,845,814
2,400	Proceeds from disposal of equipment	-	-
-	Purchase of mortgages	(3,256,555)	-
(58,772)	Purchase of motor vehicle and equipment	-	(58,772.00)
(111,842,462)	Purchase of investment securities	(54,143,374)	(93,999,970)
51,658,436	Net cash from/(used in) investing activities	2,484,203	46,238,210
	Cash flows from financing activities		
30,000,000	Proceeds from bond issues	60,000,000	30,000,000
(118,748)	Payment for bond issue costs	(496,327)	(318,670)
(2,487,490)	Dividends paid	-	(2,487,490)
(3,000,000)	Repayment of borrowings	(9,600,000)	(2,250,000)
(95,903,300)	Repayment of bonds	(60,000,000)	(95,903,300)
(71,509,538)	Net cash used in financing activities	(10,096,327)	(70,959,460)
(20,030,821)	Decrease in cash and cash equivalents	(4,648,945)	(24,656,586)
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	3,582,192	3,605,372

Eastern Caribbean Home Mortgage Bank

Notes to the Unaudited Financial Statements

As at 31 December 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 nine months ended 31 December 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.

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

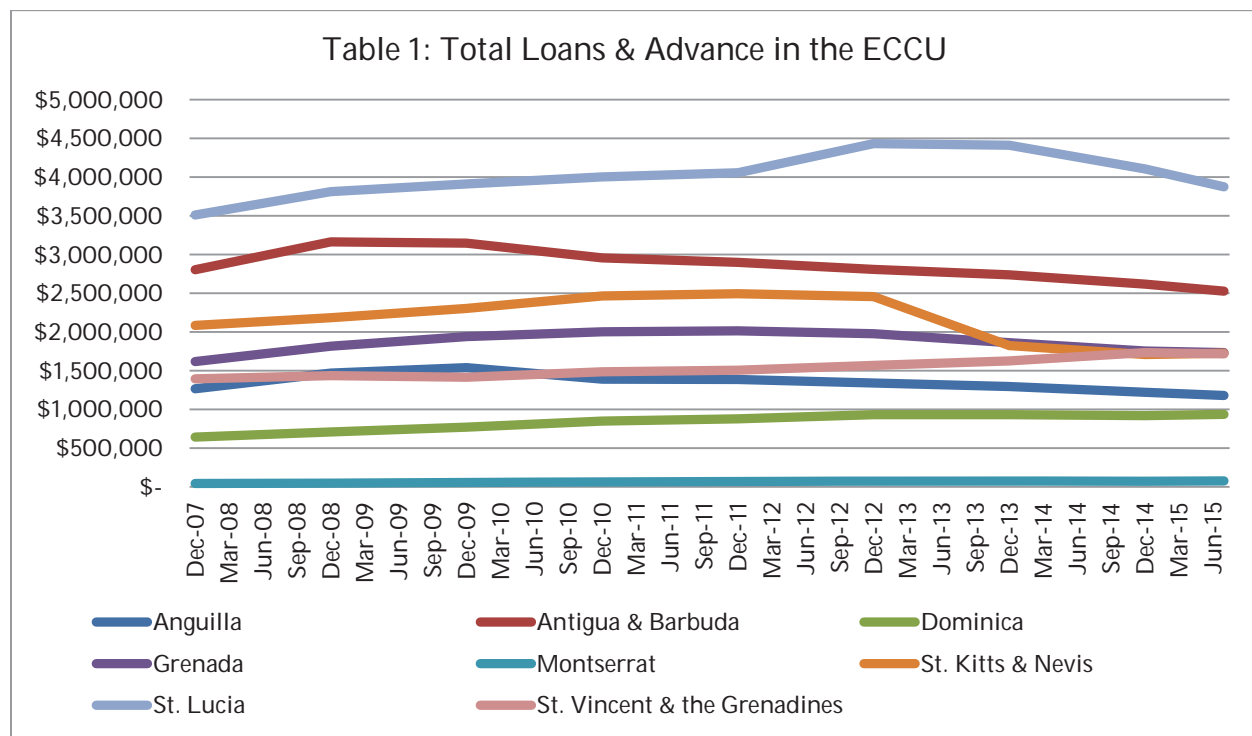
1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

1.0 Market Conditions

1.0 Overall lending terms and conditions in the Eastern Caribbean Currency Union (ECCU) tightened for all types of loans to business over the period January to June 2015. This is consistent with the trends reported for fiscal 2013 and 2014. As noted in Table 1, Loans and Advances declined in most islands of the ECCU with the exceptions being St. Vincent & the Grenadines, Dominica and Montserrat.

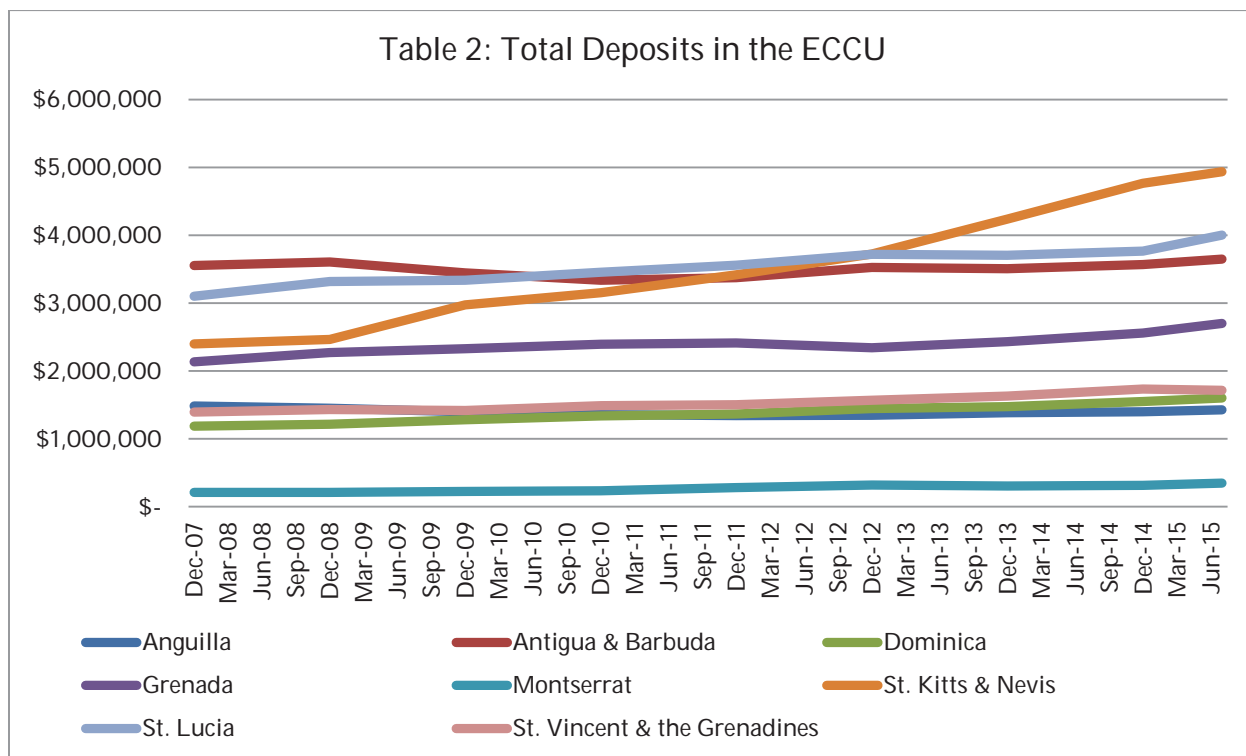


1.2 In terms of household loans, overall lending terms and conditions tightened for mortgages and other consumer loans. This is in contrast to expectations for an easing in both types of loans to households. The main reasons cited for the tightening in overall terms and conditions were increases in the percentage on non-performing loans and risk related to the general economic conditions.

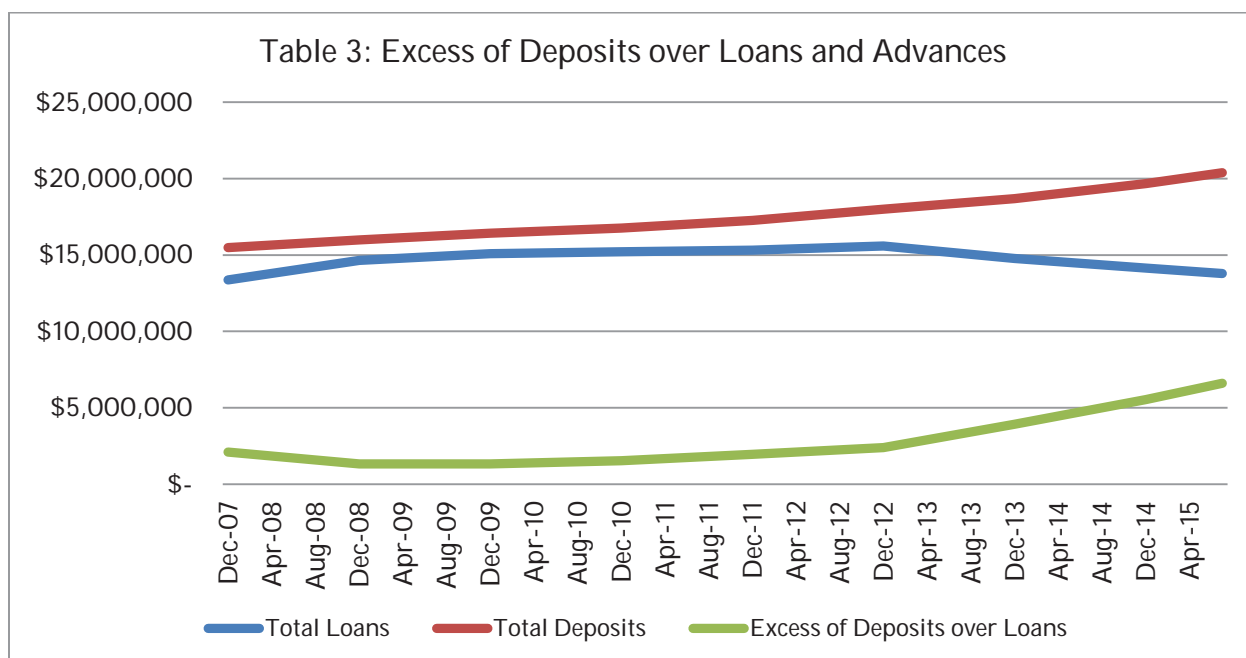
1.3 On the demand side, demand declined for all loans to business except short-term loans to large businesses and increased for loans to household, both mortgage loans and consumer loans. The main reasons cited for the decline in demand for loans to businesses were changes in the terms and conditions and changes in business confidence. The increase in demand for household loans was mainly as a result of changes in interest rates.¹

¹ Results of the Senior Loans Officer Opinion Survey on Credit Market Conditions for January to June 2015

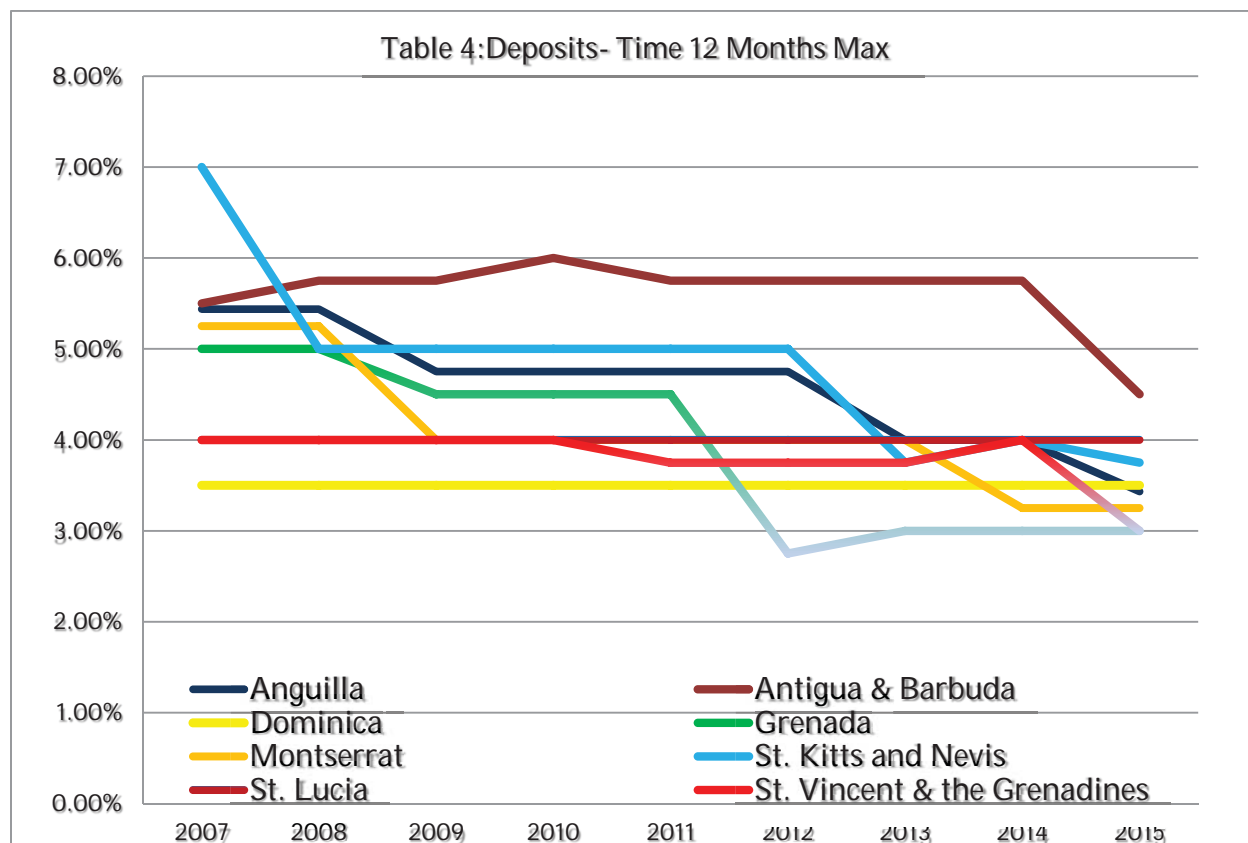
1.4 Total Deposits increased in the ECCU over fiscal 2013 and 2014 and the trend continued over the first six (6) months of fiscal 2015; the exception being St. Vincent & the Grenadines, Anguilla and Montserrat.



1.5 As illustrated in Table 3, the growth in Total Deposits and decline in Total Loans & Advances resulted in excess liquidity in the ECCU.



1.6 As a result of the excess liquidity, commercial banks were not required to increase coupon rates to attract customers' deposits. Table 4 shows with the exception of Grenada, the coupon rates on 12 months max deposits have declined in the countries of the ECCU.



2.0 Impact of the Market Conditions on the ECHMB

2.1 The demand for ECHMB's Mortgage Back Securities (MBS) is higher when liquidity is tightening. The ECHMB has reported a significant reduction in the demand for MBS. This may be also attributed to the fact that the Bank's target market has been reduced as a result of three (3) indigenous banks being placed in conservatorship.

2.2 As a result of low demand on the Primary Market, primary Lenders have bolstered their interest income through the repurchase of their MBS portfolio from the ECHMB. Over the preceding five (5) years, Primary Lenders have used the excess liquidity to repurchase their MBS totaling \$188.06M. The cash inflows to the ECHMB from the repurchase of mortgages resulted in the accumulation of assets in Cash & Investments. Presently, Cash & Investments account for \$178.65M (69.3%) of ECHMB's Assets under Management.

2.0 ECHMB's Responses to Market Conditions

2.1 The Board of Directors is of the opinion that the current market trends are likely to persist for the next five (5) years. Based on the foregoing, the decision was taken to restructure the Bank's Statement of Financial Position. This is imperative to prevent future fluctuation in interest income and reduce the Bank susceptibility to the prevailing systematic risks in the ECCU. Some of the major initiatives include:

- Reduced high cost borrowings by 69.38M (25.76%).
- Reduced low yielding assets under management by \$70.21M (21.40%).
- Diversified the investment portfolio from the concentration in term deposits by placing \$32.0M in government bonds and \$7.46M in treasury bills.
- Eliminated the 31.48% concentration to St. Kitts-Nevis-Anguilla National Bank.
- Reduced cash on call from \$28.26M in 2014 to \$8.23M in 2015.
- Consolidated and increased reserves by \$0.78M.
- Set-off dividends payable against our investment with Clico International Life Ltd.

2.2 Enhanced Risk Management

2.3 Strategies were also implemented to reduce mortgage held at banks under conservatorship from \$72.69M in 2014 to \$28.84M as at 23rd November 2015. In addition, the maximum exposure to a single primary lender was reduced from 31.48% in 2014 to 13.29% in 2015. The ECHMB has also reduced its Cash & Investments exposure to Term Deposits from 100.0% to 50.17%.

3.0 Other Strategic Initiatives

3.1 Other initiatives planned for the 2015/16 financial year include:-

- Investment of funds in other jurisdictions
- Launch our revamped Mortgage Credit Facility
- Repayment high cost debt
- Optimise costs and resources across the Bank

- Improve the Bank's risk management and corporate governance
- Streamline the Bank's functional structure
- Refresh the Bank's brand

4.0 Financial Results 2015/16

4.1 The ECHMB generated a Net Profit for the Nine (9) Months ended 31st December 2015 of \$1.68M compared with \$2.04M of the comparative period of 2014. The lower Net Profit was attributed to the unfavorable economic conditions and strategies implement to reduce the Bank's exposure to systematic risks in the ECCU. Details of the reduction in Net Profit are presented in 4.2.

(EC\$ in millions, except as noted)

For Nine (9) Months -31 December 2015	2015	2014	Budget
Interest Income	9.32	11.99	9.49
Interest expense	(5.65)	(7.14)	(5.79)
Net interest income	3.67	4.86	3.70
Other income	0.03	0.03	0.03
Operating Income	3.71	4.88	3.73
Non-interest expenses	(2.03)	(2.25)	(2.16)
Net profit for the Nine (9) Months	1.68	2.63	1.57
Key Performance Metrics			
Net interest income percentage	39.40%	39.75%	39.70%
Return on total assets (Annualized)	0.80%	1.35%	0.80%
Interest cover ratio	1.65	1.68	1.64
Debt-to-equity ratio	3.37:1	3.57:1	3.58:1
Earnings per share (\$)	8.31	13.06	9.99
Book value per share (\$)	213.15	211.34	211.34
Mortgage loans portfolio	55.62	83.87	83.87
Borrowings	190.70	200.74	201.26
Assets under management	250.41	259.53	260.06
Full time employees	8	8	8

4.2 Interest Income

4.2.2 Revised Income Model

4.2.3 In an effort to stabilise Interest Income in the face of volatile economic conditions, the Bank has adopted a new income model. The principal strategy of the ECHMB has changed from short-term income maximization to instead focus on:

- Safety and portfolio diversification
- Liquidity
- Yield

4.2.4 On account of the new strategic shift to lower risk instruments, Interest Income declined from \$11.99M in 2014/15 to \$9.32M in 2015/16. Notwithstanding the foregoing, the revised architecture of Assets under Management serves to insulate the Bank from the risk of repurchase by Primary Lenders. This is imperative to prevent undue fluctuations in Interest Income.

(EC\$ in millions, except as noted)			Change from 2014
For Nine (9) Months -31 December 2015	2015	2014	%
Mortgage Loans portfolio	3.74	6.96	-46.20%
Interest on bonds	1.73	0.35	100.00%
Term deposits	3.71	4.14	-10.25%
Call account	0.01	0.55	-98.19%
Treasury bills	0.08	-	100.00%
Mortgage credit facility	0.05	-	100.00%
	9.32	11.99	-24.32%

4.3 Finance Cost

4.3.3 During the 2015/16 financial year, the ECHMB issued two (2) corporate bonds with a cumulated face value of \$60.0M at coupon rates of 2.8% and 1.5% respectively. This resulted in a declined in the weighted average cost of bonds (WACB) from 4.42% in 2014 to 3.33% as at 31st December 2015. As a result of the lower WACB, Finance Cost declined by \$1.49M (20.86%).

(EC\$ in millions, except as noted) For Nine (7)Months -31 December 2015			Change from 2015 %
	2015	2014	
Bonds in issue	5.39	6.64	-30.24%
CDB loan	0.26	0.50	-15.21%
	5.65	7.14	-29.30%

4.4 Net Interest Income

4.4.1 Net Interest Income or the difference between Interest Income (\$9.32M) and Interest Expense (\$5.65M) was reported at \$3.67M or 39.40% compared with \$4.86M or 40.48% in 2014. The lower Net Interest Income was attributed to the ECHMB's strategy of revamping its income model.

(EC\$ in millions, except as noted) For Nine (9)Months -31 December 2015			Change from 2014 %
	2015	2014	
Interest Income	9.32	11.99	-25.28%
Interest expense	(5.65)	(7.14)	-29.29%
Net Interest income	3.67	4.86	-19.60%
Net interest income percentage	39.40%	40.48%	7.59%

4.5 Non-Interest Expenses

4.5.1 Non-interest Expenses was 10.77% lower than the 2014 outturn of \$1.79M. The savings were mainly achieved in Mortgage Administration Fees, Foreign Exchange losses and Corporate Governance expenses.

(EC\$ in millions, except as noted) For Seven (7)Months -31 December 2015			Change from 2014 %
	2015	2014	
Salaries and related costs	0.90	0.83	-17.59%
Mortgage Administration fees	0.30	0.21	-19.77%
Foreign exchange loss	0.41	0.73	-42.15%
Promotion	0.08	0.07	15.44%
Administrative	0.27	0.13	11.97%
Corporate governance	0.08	0.28	-243.82%
	2.03	2.25	-18.53%

5.0 **Projected Outcome 2015/16**

5.1 The current results show that the ECHMB is on course to achieve its budgeted Net Profit for the year of \$2.21M

6.0 **Statement of Financial Position**

6.1 In an effort to optimise costs and resources across the Bank, Assets under Management were reduced from \$259.53M in 2014 to \$250.46M as at 31st December 2015; this resulted in an improvement in the weighted average return on assets from 4.60% in 2014 to 3.72% in 2015. During the 2015 financial year, the ECHMB made an advance payment of US\$3.0M on the CDB Borrowings; as a result, Borrowings declined from \$200.74M in 2014 to \$190.70M in 2015. The Bank's Debt to Equity improved from 3.53:1 in 2014 to 3.33:1 in 2015. The ECHMB Cash & Investments amounts to \$194.44M (77.60%) of ECHMB's Assets under Management. The ECHMB therefore has sufficient resources to meet all current obligations.

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

Refer to Management Analysis

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the 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.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The 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.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Refer to Management Analysis

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

n/a

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) 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, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

Refer to Management Analysis

3. Disclosure about 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. 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.

Refer to Management Analysis

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR 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.

5. 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.

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

(a) 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

(c) 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.

6. 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 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the 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.

ECHMB has not defaulted on any of its payment obligations.

- (b) If any material arrears in the payment of dividends have 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.

None

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

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

- (a) The date of the meeting and whether it was an annual or special meeting.

The Annual General Meeting was held on November 10, 2015.

- (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.

No elections were held.

- (c) A brief description of each other matter voted upon at the meeting and a statement of 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.

To approve dividends amounting to \$7.50 per share for the year ended 31 March 2015, as recommended by the Board of Directors;

To appoint Auditors for the ensuing year.

There was a general consensus and there were no votes cast against the proposed.

- (d) A description of the terms of any settlement between the registrant and any other participant.

None

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

None

8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. 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 – OR report.

None