

Schedule 1

FORM ECSRC – K

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ECMS 174374

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the Financial Year Ended 31 March 2015

Issuer Registration Number

HMB160990GR

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**Eastern Caribbean Home Mortgage Bank (ECHMB)**

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

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**GRENADA**

(Territory of incorporation)

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

(Address of principal office)

Reporting issuer's:

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

Fax number: 1-(869) 466-7518

Email address: [info@echmb.com](mailto:info@echmb.com)

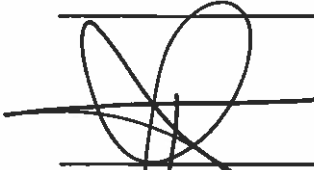
**1. Business**

- (a) to promote and maintain the availability of affordable home financing and to assist primary lenders to promote and maintain the availability of affordable home financing in the territories of Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines (collectively referred to as "the participating Governments");
- (b) to establish and maintain an organized regional secondary market for mortgages in the form of a Common Home Mortgage Bank to increase the availability of mortgage credit and provide liquidity and flexibility to primary lenders in the territories of the participating Governments;
- (c) to promote and increase the efficient mobilization and allocation of long-term savings for investment in housing and to further the economic development of the territories of the participating Governments;

**SIGNATURES**

Name of General Manager

**Mr Randy Lewis**



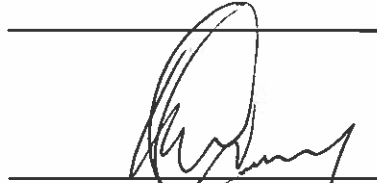
Signature

12 November 2015

Date

Name of Director

**Mr Dexter Ducreay**



Signature

12/4/15

Date

- (d) to develop the housing and home finance industry and to promote services and benefits to the industry by improving the efficiency and effectiveness of the mortgage underwriting process; and
- (e) to promote the growth and development of the money and capital markets and to enhance the monetary integration of the territories of the participating Governments.

The financial system in the ECCU is dominated by commercial banks, which account for more than 70% of total assets. The majority of the banks function as branch operations of large international banks. Most of the countries also have indigenous banks, for which domestic deposits comprise the major source of funds. During the decade of the 1990's the indigenous commercial banks emerged as formidable participants in the banking sector. They have invested large amounts of their funds in residential mortgages for new home construction, existing homes and land acquisition, as well as major home improvements. As a result, most commercial banks witnessed an increase in the percentage of their assets invested in mortgages.

Residential mortgage loans are originated in transactions between home buyers and mortgage lenders in the primary mortgage market. Historically, commercial banks, development banks and mortgage companies have been the primary providers of mortgage capital. On average the commercial banks hold about 25% of their loan portfolios invested in the housing sector, with funding provided mainly from short-term customers' deposits. The average term to maturity of these mortgages is 15 to 25 years. The asset-liability mismatch between borrowing and lending presents tremendous risks for the liquidity of commercial banks. The secondary market presents an alternative source of funding for mortgages originated by commercial banks.

ECHMB was established as an independent shareholder-owned and privately managed institution. Its mandate is to operate the secondary mortgage market by mobilizing resources for housing finance and providing support to primary lenders. The secondary mortgage market helps to accomplish the following important housing objectives:

- Correcting cross country imbalances of mortgage credit within ECCU by making funds available to capital deficient areas to finance new mortgage origination;
- Allowing primary lenders to originate mortgages for sale rather than to be kept on their books as portfolio investment; and
- Standardizing mortgage loans thereby attracting investors who traditionally have not invested in the primary market, thus strengthening the market.

The underlying premise of ECHMB's business is to serve as a source of liquidity for commercial banks. But equally important, is the responsibility to serve as an avenue for facilitating home ownership. In that regard, ECHMB has established partnerships with some institutions that have a similar vision of making mortgages more affordable to borrowers.

## **2. Properties**

ECHMB does not own any properties

## **3. Legal Proceedings**

There are no pending legal matters other than that which are required to carry on the business of the Bank.

## **4. Submission of Matters to a Vote of Security Holders**

There were no matters voted upon by security holders.

## **5. Market for Reporting issuers Common Equity and related Stockholders Matters**

There was no change in number of shares in issue during the financial year ended March 31, 2015.

## **6. Financial Statements and Selected Financial Data**

Please refer to pages 21-84 of ECHMB's Annual Report for the Year Ended 31 March 2015.

## **7. Disclosure about Risk Factors**

ECHMB's Financial Risk Management is outlined in detail from page 50 to 64 of the Annual Report.

## **8. Changes in Securities and use of Proceeds**

During the year, ECHMB raised financing totaling \$30.0m through the placement of its 25<sup>th</sup> Bond Issue Tranches 3 (Debt Securities).

ECHMB successfully redeemed its:

- 5<sup>th</sup> Bond of \$11.3m
- 22<sup>nd</sup> Bond ( Tranche 2) of \$49.56m
- 22<sup>nd</sup> Bond ( Tranche 3) of \$35.04m

A short term deposit was established in the amount of \$111.84m.

## **9. Defaults upon Senior Securities**

ECHMB has not defaulted on its payment obligations during the period under review.

## **10. Management's Discussion and Analysis of Financial Condition and results of Operations**

Management's Overview of Operation is detailed on pages 21 to 34 of the Annual Report.

**11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure**

The Report of the Auditors which expressed an unqualified opinion is available on page 36 of the Annual Report.

**12. Directors and Executive Officers of the Reporting Issuer**

Please refer to pages 10-12 of the Annual Report for the year ended March 31, 2015 for names and designations of Directors.

**13. Security Ownership of certain Beneficial Owners and Management**

<b>CLASS</b>	<b>Percentage (%)</b>
Class A - (Eastern Caribbean Central Bank)	24.9%
Class D - (CLICO International Life Insurance Company, Barbados)	7.44%

**14. Other information**

None

**15. List of Exhibits**

The Annual Report for the Year Ended 31 March 2015 is attached.

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of Securities Act of 2001 during the preceding 12 months

Yes (X)

No ()

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.

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